Zomato Food Delivery Case Study

Executive Summary

Zomato holds **58% market share**[1] in India's online food delivery segment, commanding **22.4 million monthly transacting customers** as of Q2 FY25[2]. The platform processed **650,000 daily orders** across 800+ cities, generating **₹4,799 crore in quarterly revenue**[2]. Tier-1 metros drive **65% of Gross Merchandise Value (GMV)**, making urban engagement and retention critical levers for growth.

However, current performance reveals structural friction in the user journey:

- **Engagement:** Only 3.4 orders/month per user against a potential 5x+ frequency
- **Conversion:** 46% cart abandonment rate represents **₹2,800 crore in recoverable GMV annually**[3]
- **Retention:** 38% 90-day retention indicates 62% user churn, with W1 retention at 55% suggesting weak onboarding
- **Payment:** 78% payment success rate (vs. 92% benchmark) costs ~₹280-350 crore annually in failed transactions

The root causes are three-fold:

(1) **checkout friction** (minimum order value, payment failures, unclear pricing)

(2) **poor personalization** (72% discovery-to-cart conversion), and

(3) **low habit formation** (reorder nudges insufficient).

Zomato Official KPIs

Financial & Volume Metrics

KPI	Value	Period
Consolidated Revenue	₹4,799 Cr	Q2 FY25
Food Delivery GOV	₹13,384 Cr	Q2 FY25
Food Delivery Adjusted Revenue	₹2,657 Cr	Q1 FY26

KPI	Value	Period
Blinkit Revenue	₹2,400 Cr (+155% YoY)	Q1 FY26
Hyperpure Revenue	₹2,295 Cr (+89% YoY)	Q1 FY26
Consolidated Revenue	₹7,167 Cr (+70% YoY)	Q1 FY26
Net Profit	₹176 Cr (+389% YoY)	Q2 FY25
Net Profit	₹25 Cr (-90% QoQ)	Q1 FY26
Adjusted EBITDA	₹330 Cr	Q2 FY25
Food Delivery NOV	₹32,862 Cr (+20% YoY)	FY25

User & Order Metrics

KPI	Value	Period
Monthly Transacting Customers	20.6M (+12% YoY)	FY25
Monthly Transacting Users	20.5M	Q3 FY25
Average Order Value (AOV)	₹425-₹440	Q2-Q3 FY25
Daily Orders (Calculated)	~450K	Q2 FY25
Order Volume Growth	+13% YoY	FY25

Operational Metrics

KPI	Value	Period
Blinkit Dark Stores	1,544 (+152 stores QoQ)	Q1 FY26
Blinkit Store Target	2,000	Dec 2025
Delivery Charges	₹1,334 Cr (+97.9% YoY)	Q2 FY25

OKR Defined

Objective 1: Increase Order Frequency & Retain More Users

Strengthen user habits in Tier-1 cities by encouraging more frequent and repeat orders.

KR	Metric	SMART Breakdown	Business Impact
1.1	Weekly Active Users (WAU) Tier-1	S: Grow Tier-1 WAU M: 30.7M → 35M A: Personalized nudges + loyalty campaigns R: Drives revenue scale T: By Q2 2026	+14% revenue uplift
1.2	7-day repeat order rate	S: Increase 7-day repeat orders M: 30-35% → 42% A: Habit loops + Gold incentives R: Boosts LTV 25% T: Q2 2026 weekly tracking	+25% user LTV
1.3	Avg. time between orders	S: Shorten inter-order interval M: 4-5 days → 3.5 days A: Frequency triggers + AI recommendations R: +16% volume growth T: Achieve by Q2 2026 end	+16% order volume

Success Criteria

- 40%+ active users place 2+ orders/week (vs. current ~30%)
- Monthly churn from 22% → <18%
- Zomato Gold/Pro penetration from ~12% → 18%

Why This Objective Matters

Tier-1 users (Delhi/Mumbai/Bangalore: 75% revenue) show high intent but 60%+ weekly ordering frequency potential vs. current ~30% repeat rate. Building habits counters Swiggy/Blinkit competition, driving ₹2,000+ Cr LTV uplift through loyalty programs and personalization.

Objective 2: Frictionless Urban Ordering Experience

"Frictionless Urban Ordering Experience" targets the two largest industry friction points: **~65% cart abandonment** (MOV barriers + delivery fees) and **20-30% payment failures** (UPI network glitches), creating the **10-20% end-to-end conversion bottleneck** that blocks **80-90% of sessions** from converting to orders in Tier-1 cities.

Metric	Industry Benchmark	Target	Impact
End-to-End Funnel	10-20%	+5-7pp	₹1,100-1,500 Cr GMV
Cart Abandonment	63-70%	45-50%	₹2,500+ Cr recoverable
Payment Success	70-80%	90%+	Eliminates 20-30% drop
Daily Orders (Zomato)	~450K	+10%	Scale foundation
AOV (Tier-1)	₹425	₹450	Revenue multiplier

Direct Flow:

Core Problem: **60-70% reach discovery**, but only **~30-40% add-to-cart** and **~15-25% reach payment** due to **MOV barriers + delivery fees** (48% abandonment driver) and **UPI glitches** (20-30% failure rate during peak hours).

Target Selection: These 5 metrics targets **checkout-to-delivery friction**—industry's largest leaks—converting **80-90% session drop-offs** into **order-placers** in Tier-1 cities (Delhi/Mumbai/Bangalore: 75% revenue).

Revenue Logic: **5-7pp funnel lift** on **~450K daily orders** × **₹425 AOV** (Zomato actual) = **₹1,100-1,500 Cr incremental GMV** annually.

Why Priority: **Quick UX/payment fixes** (smart MOV nudges, UPI retry) deliver **3-tap habit** in urban markets, building toward **4-5x/month frequency** vs. current **~3x** industry average

KR	Metric	SMART Breakdown	Business Impact
2.1	Avg. delivery time (Tier-1)	S: Reduce Tier-1 avg delivery time M: 22-25 → 18-20 mins A: AI route optimization + batching R: Drives NPS/repeat orders T: By Q2 2026	+8-10% NPS, +15% repeat orders
2.2	Checkout completion rate	S: Increase checkout completion M: 70-75% → 85-90% A: UPI retry + MOV nudges R: Direct GMV lift T: Q2 2026 weekly tracking	+₹1,100-1,500 Cr GMV growth
2.3	Delivery partner availability	S: Boost peak-hour partner availability M: 85-88% → 95%+ A: Dynamic incentives + geo-fencing R: Cuts cancellations 20% T: By Q2 2026 end	-20% cancellations, +12% success

Why this objective matters

Most Tier-1 drop-offs happen during checkout and delivery. Fixing these friction points leads to higher conversion, fewer cancellations, and better customer satisfaction.

Supporting KPIs

User Engagement KPIs

KPI	SMART Breakdown	Why It Matters
Session Duration	S: Increase avg session time M: 5:34 → 6:30 mins A: Enhanced discovery + personalization R: Longer sessions encourage deeper exploration T: By Q2 2026	Longer sessions drive higher Average Order Value (AOV) through increased menu exploration, personalized recommendations, and upsell opportunities, directly boosting revenue per session
Pages per Visit	S: Boost pages viewed per session M: 3.83 → 4.5 pages A: Better restaurant recommendations R: Indicates effectiveness of discovery experience T: Q2 2026 monthly tracking	More pages viewed signals superior restaurant discovery and content relevance, leading to higher customer satisfaction, better conversion rates, and increased platform stickiness
Add-to-Cart Rate	S: Improve browsing-to-cart conversion M: 42% → 52% A: MOV nudges + pricing transparency R: Higher intent conversion improves order volume T: Weekly monitoring Q2 2026	Critical bridge from browsing to purchase intent; higher add-to-cart rates reduce funnel drop-off and directly correlate with order volume growth and revenue uplift

KPI	SMART Breakdown	Why It Matters
Search Success Rate	S: Enhance search relevance M: 73% → 82% A: ML-powered search + filters R: Better search reduces user frustration T: By Q2 2026 end	Poor search causes immediate drop-off and frustration; high success rates improve user satisfaction, retention, and conversion by delivering relevant restaurant results quickly
App DAU	S: Grow daily active users M: 12.4M → 14.5M A: Push notifications + habit loops R: Indicator of platform stickiness T: Achieve by Q2 2026	Primary health indicator for app engagement; consistent DAU growth reflects strong user habits, product-market fit, and sustained revenue potential

Operational Efficiency KPIs

KPI	SMART Breakdown	Why It Matters
Orders per Delivery Partner	S: Increase orders per rider/day M: 18 → 22 orders A: Dynamic batching + incentives R: Improves unit economics and partner income T: Q2 2026 tracking	Higher orders per rider optimize delivery costs, improve partner earnings/satisfaction, and enhance overall unit economics while scaling capacity
Restaurant Response Time	S: Shorten restaurant prep time M: 3.2 → 2.5 mins A: Auto-accept + prep processes R: Enables faster delivery and better customer experience T: By Q2 2026	Faster restaurant acceptance/prep shortens end-to-end delivery times, reduces customer wait anxiety, and improves NPS while enabling higher order throughput
Peak Hour Capacity Utilization	S: Optimize restaurant capacity utilization during peaks M: 87% → 93% A: Demand forecasting + surge pricing R: Maximizes peak revenue T: Weekly peak tracking Q2 2026	Peak hours (7-9 PM) drive disproportionate revenue; optimal capacity utilization captures maximum demand without overstrain, boosting profitability
Failed Payment Rate	S: Reduce payment failures M: 8.2% → <5% A: UPI retry + alternative payments R:	Payment friction causes 20-30% cart abandonment; minimizing failures

KPI	SMART Breakdown	Why It Matters
	Minimizes lost orders T: Achieve by Q2 2026	preserves revenue at checkout stage and improves conversion funnel
Customer Support Resolution	S: Improve speed of support responses M: 12 → <8 mins A: AI chatbots + self-service options R: Drives retention through satisfaction T: Q2 2026 SLA	Rapid resolution prevents churn from delivery/service issues, builds trust, and turns negative experiences into loyalty opportunities

Revenue & Monetization KPIs

KPI	SMART Breakdown	Why It Matters
Average Revenue Per User (ARPU)	S: Increase annual ARPU M: ₹2,847 → ₹3,400 A: Frequency + higher AOV R: Fundamental profitability driver T: By Q2 2026	ARPU combines order frequency, AOV, and monetization; sustained growth indicates successful product-market fit and long-term profitability
Commission Revenue	S: Grow commission as % of revenue M: 38.3% → 40% A: Dynamic pricing + premium listings R: Core monetization stream T: Q2 2026 quarterly	Primary revenue engine; gradual take-rate optimization balances restaurant partnerships while maximizing platform economics
Advertising Revenue	S: Increase advertising contribution M: 8% → 12% A: Sponsored listings + ads R: High-margin incremental revenue T: By Q2 2026	High-margin revenue stream that scales with traffic; diversifies beyond commissions while leveraging user engagement
Subscription Revenue	S: Expand Gold/Pro subscription share M: 10% → 15% of revenue A: New tiers + bundling R:	Recurring revenue stabilizes cash flow, increases customer LTV through loyalty benefits, and creates competitive moat

KPI	SMART Breakdown	Why It Matters
	Predictable, recurring revenue T: Q2 2026 tracking	
Cross-sell to Blinkit	S: Improve cross-sell ratio food-to-quick commerce M: 14% → 22% A: In-app promos + ecosystem integration R: Expands ecosystem value T: By Q2 2026	Leverages food delivery traffic for quick commerce growth, increasing overall customer LTV and ecosystem retention

Zomato User Journey Funnel Analysis

1.Key Funnel Stages

Stage	What the User Does	User Goal	Decision Point
1. App Open	Opens the Zomato app	Find food quickly	Continue or exit the app
2. Homepage View	Sees banners, offers, categories, recommendations	Get inspired or find starting point	Tap a restaurant, search, or drop off
3. Search Initiated	Searches for cuisine/dish/restaurant; uses filters	Find relevant options	Click a restaurant, refine search, or exit
4. Restaurant View	Views rating, delivery time, photos, fees	Decide if restaurant is good	Open menu, return to search, or drop off
5. Menu Browsing	Browses dishes, prices, combos, add-ons	Select suitable items	Add to cart, go back, or drop off
6. Add to Cart	Adds items to cart	Finalize items	Continue browsing, checkout, or drop off (fees/charges)
7. Checkout Started	Reviews summary, address, charges, ETA	Confirm final order	Proceed to payment, edit cart, or exit

Stage	What the User Does	User Goal	Decision Point
8. Payment Initiated	Chooses payment mode, enters details	Complete payment smoothly	Complete payment, retry, or drop off (failure)
9. Payment Success	Payment completes	Confirm secure order	Move to tracking
10. Order Confirmed	Sees confirmation, ETA, rider assignment	Trust order will arrive	Wait, cancel, or reorder
11. Order Tracking	Tracks rider & order status in real-time	Know delivery progress	Wait or contact support
12. Delivery Completed	Receives food & rates experience	Finish order & give feedback	Rate, reorder, or churn based on experience

2. Identify Drop-off Points

Funnel Stage	Drop-off Location	Why Users Drop Off
App Open → Homepage View	20-25% drop off	Lack of immediate personalization; app load speed delays
Homepage → Search Initiated	15-20% drop off	Overwhelmed by options or unclear navigation
Search → Restaurant View	30-35% drop off	Poor search relevance, confusing menus
Restaurant → Menu Browsing	15-20% drop off	Menu complexity, unclear pricing, high delivery fees
Menu → Add to Cart	60-70% drop off	Price sensitivity, unclear minimum order value (MOV)
Add to Cart → Checkout Started	35-45% drop off	Surprise fees, inconvenient delivery slots

Funnel Stage	Drop-off Location	Why Users Drop Off
Checkout → Payment Initiated	20-30% drop off	Payment friction, UPI outages, unclear final cost
Payment Initiated → Success	15-25% drop off	Payment failure rates, abandoned carts
Payment Success → Order Confirmed	5-10% drop off	User cancellation, second thoughts
Order Confirmed → Tracking	Minimal	Mostly engaged users
Tracking → Delivery Completed	Minimal	Delivery issues are rare but impactful

3. Hypotheses Per Drop-off Stage and Intuition

Stage Transition	Hypothesis	Intuition (User Behavior/Product Psychology)
App Open → Homepage	If homepage shows personalized "recent favorites" + location-based offers, fewer users bounce immediately	Users crave instant relevance (73% skip search); personalization cuts 25% early exits by leveraging recency bias and local context
Homepage → Search	If we simplify navigation and highlight search bar prominently, drop-offs reduce	Overwhelm from 50+ tiles causes 15-20% exits; clear CTAs guide uncertain users to discovery faster
Search → Restaurant View	If search shows ML-powered filters + "top rated nearby", fewer backtrack	30-35% abandon irrelevant results; users need 3-sec relevance or they exit (73% search success rate)

Stage Transition	Hypothesis	Intuition (User Behavior/Product Psychology)
Restaurant → Menu Browsing	If menus show high-res photos + "most popular" tags upfront, browsing time increases	15-20% drop from unclear menus; visual hunger triggers + social proof convert browsers to shoppers
Menu → Add to Cart	If dynamic MOV nudges appear ("Add 1 more for FREE delivery"), add-to-cart lifts 15pp	60-70% abandon at pricing opacity; loss aversion + gamification exploits impulse buying psychology
Add to Cart → Checkout	If full pricing breakdown shows in-cart (no surprises), checkout starts rise	35-45% shock from hidden fees; transparency builds trust before commitment (48% fee-driven abandonment)
Checkout → Payment	If "one-tap UPI retry" + alt payment carousel appears, payment initiations increase	20-30% friction from glitches; micro-moments of doubt kill impulse; seamless recovery preserves flow
Payment → Success	If instant failure alerts + auto-retry flow activates, 80% of failed payments recover	UPI outages lose ₹500 Cr/month; progressive disclosure reduces abandonment during peak-hour chaos
Success → Confirmation	If instant ETA + order summary appears <2 secs, cancellations drop 50%	Post-payment doubt kills 5-10%; immediate feedback loop builds confidence in volatile delivery ETAs

Zomato Tier-1 Funnel Conversion Rates

Stage	Conversion Rate	Drop-off %	Source/Notes
App Open	100%	0%	Baseline

Stage	Conversion Rate	Drop-off %	Source/Notes
Homepage View	78%	22%	Personalization gaps
Search Initiated	68%	13%	Navigation overwhelm
Restaurant View	45%	34%	Poor search relevance (73% success rate)
Menu Browsing	38%	16%	Menu complexity
Add to Cart	15%	61%	MOV barriers (63-70% industry abandonment)
Checkout Started	9%	40%	Surprise fees (C2P drop 49% Swiggy data)
Payment Initiated	6.5%	28%	UPI friction
Payment Success	5.2%	20%	Payment failures (P2O swings 121%)
Order Confirmed	4.7%	10%	Post-payment doubt
Order Tracking → Delivery	4.5%	4%	Delivery issues

End-to-End Conversion: **4.5%** (450K daily orders from ~10M sessions)

GMV Opportunity: **+6.5pp lift = ₹1,260 Cr** (₹385 AOV × 450K orders)

ZOMATO TIER-1 FUNNEL (DAILY 10M SESSIONS)

App Open (100%)

▼ (22% drop-off)

Homepage View (78%)

▼ (13% drop-off)

Search Initiated (68%)

▼ (34% drop-off)

Restaurant View (45%)

▼ (16% drop-off)

Menu Browsing (38%)

▼ (61% drop-off)

Add to Cart (15%) ← LARGEST LEAK

▼ (40% drop-off)

Checkout Started (9%)

▼ (28% drop-off)

Payment Initiated (6.5%)

▼ (20% drop-off)

Payment Success (5.2%)

▼ (10% drop-off)

Order Confirmed (4.7%)

▼ (4% drop-off)

Order Tracking → Delivery Completed (4.5%)

Final conversion: 4.5% of app opens convert to completed orders (~450K orders/day)

Cohort Analysis

Cohort segmentation decides *how we group first-time users* so we can study their retention over time. For Zomato Tier-1 cities, choosing the right segmentation is important because user behaviour changes quickly due to daily routines, peak hours, and seasonal events.

Step	Sub-Step	What You Do (Simple English)	SQL / Python Logic
1.1	Identify Data Sources	Pull raw orders, users, payments from Tier-1 cities	SELECT * FROM orders_raw WHERE city_tier IN ('Delhi','Mumbai','Bangalore')
1.2	Find First Order	Get the first-ever order date for each user	MIN(order_date) AS first_order_date GROUP BY user_id
1.3	Apply Tier-1 Filter	Keep only users from Delhi, Mumbai, Bangalore	city_tier IN ('Delhi','Mumbai','Bangalore')
1.4	Remove Noise	Exclude test accounts, fraud orders,	HAVING order_value >= 150 AND orders_count = 1

Step	Sub-Step	What You Do (Simple English)	SQL / Python Logic
		low order value	
1.5	Deduplicate Users	Handle duplicate accounts based on phone number	GROUP BY phone_number HAVING COUNT(user_id) = 1
2.1	Create Cohort ID	Assign each user to a cohort based on week of first order	CONCAT(YEAR(first_order_date),'_W',WEEK(first_order_date)) AS cohort_week
2.2	Build Cohort Master Table	Count number of new users per cohort week	CREATE TABLE cohort_master (cohort_week, cohort_size)
2.3	Add Metadata	Tag users with city tier, source channel, etc.	JOIN user_profiles USING (user_id)
3.1	Calculate Days Since First Order	Compute how long after first order each new	DATEDIFF(order_date, first_order_date) AS days_since

Step	Sub-Step	What You Do (Simple English)	SQL / Python Logic
		order happened	
3.2	Convert to Retention Weeks	Convert days to week number	FLOOR(days_since/7)+1 AS retention_week
3.3	Count Active Users	Count unique users active in each retention week	COUNT(DISTINCT user_id) AS active_users
3.4	Calculate Retention %	Active users ÷ cohort size × 100	(active_users/cohort_size)*100 AS retention_pct
4.1	Create Heatmap Matrix	Make pivot table: rows = cohort weeks, columns = retention weeks	PIVOT retention_pct ON retention_week
4.2	Build Dashboard	Visualize cohort heatmap + retention	Tableau / Looker heatmap + line charts

Step	Sub-Step	What You Do (Simple English)	SQL / Python Logic
		curve in BI tool	
5.1	Set Alerts	Trigger alerts if Week 2 or Week 4 retention drops too low	IF retention_pct < threshold THEN alert()
5.2	A/B Testing	Compare retention across experiments (test vs control)	SEGMENT BY experiment_id

2. Cohort Segmentation Options

Aspect	Weekly Cohorts	Monthly Cohorts
Granularity	Very high detail — each cohort covers only 7 days. Helps spot quick behavioral changes (e.g., festive week vs normal week).	Medium granularity — groups of 30 days. Smoothes out noise but hides small fluctuations.
Number of Cohorts Per Year	52 cohorts/year → more granular tracking and more A/B tests.	12 cohorts/year → fewer but more stable cohort groups.
Seasonality & Noise	More noise due to weekday vs weekend ordering differences. Sudden spikes from IPL matches, long weekends, rain, etc.	Smoother, more stable trends. Seasonal events (Diwali, New Year, Monsoon) appear more clearly.

Aspect	Weekly Cohorts	Monthly Cohorts
Useful For	Operational tuning: delivery speed, new features, homepage experiments, pricing tests.	Strategic reporting: quarterly OKR review, investor metrics, long-term product insights.
A/B Testing Suitability	Excellent — weekly grouping makes experiments faster (run tests every 7–14 days).	Poor — monthly cohorts are too slow for iterative product testing.
Trend Detection	Fast detection: if Week 1 retention drops, PMs can act immediately.	Delayed detection: takes 30 days to confirm drop.
PM Use Cases	Monitoring Tier-1 behavior daily/weekly, onboarding fixes, new feature impact measurement.	High-level business planning, monetization strategy, channel performance.

Use BOTH:

- Weekly cohorts → for day-to-day product decisions, experiments, delivery improvements, understanding how the latest changes affected new customers.
- Monthly cohorts → for leadership dashboards, strategic planning, reporting to executives, and understanding long-term trends.

This dual approach combines speed + stability.

3. Retention Metric Definitions

Retention metrics tell us how well Zomato keeps new users coming back after their first order. For food delivery, retention in early weeks is the strongest predictor of long-term usage and Lifetime Value (LTV).

Below are multiple levels of retention metrics.

Primary Metric: Weekly Active Retention

Primary Retention Metric: Weekly Active Retention

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

Formula:

Retention_WeekN = (Unique users placing ≥1 order in Week N / Cohort Size) × 100

Why this matters:

- Week-to-week retention shows habit formation.
- Food delivery apps depend heavily on frequent repeat orders.
- Tier-1 users have high expectations; retention shows whether we continue meeting them.

Secondary Metrics:

1. Day-7 Retention (Second-Order Conversion)

Definition: % of users who place a second order within 7 days of their first order.

Why it matters:

- The "second order" is the strongest indicator of whether a new user becomes a long-term customer.
- If Day-7 retention improves, Week 4 and Week 12 retention also rise.

Industry benchmark:

- **Good:** 35–40% second-order in 7 days
- **Average:** 25–30%
- **Poor:** <20%

2. Frequency Retention

Definition: Average number of orders per retained user in Week N.

Why it matters:

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

Example:
Week 4 retention might be 20%, but if these users order 2–3 times/week, the cohort is high value.

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3. Revenue Retention

Definition: % of cohort's Week 1 revenue that continues in Weeks 4, 8, 12.

Why it matters:

- Helps understand monetary value of users, not just activity.
- Useful for revenue forecasting and supply planning.

Example:
If Week 12 revenue retention = 8%, it means the cohort still generates 8% of original revenue.

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4. LTV Signal Metric

Definition:

LTV Indicator = Week 4 Retention % × Week 4 ARPU

Why this matters:

- Week-4 behavior strongly predicts lifetime usage.
- Combined with ARPU, this becomes a leading indicator for final LTV.

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 in checkout, delivery consistency, or prices.
Needs Work	<18%	<4%	Weak early experience; high drop-offs due to pricing, delivery delays, or search quality.
Critical	<12% (Week 4)	<3%	Severe retention issues; users churn after 1–2 orders. Needs immediate fixes.

Actionable Product Decisions from Cohort Insights

Insight	Observed Issue	Why It Happens (Problem)	Product Action / Intervention	Expected Uplift	Extra Notes / A/B Test
1. Week-2 Drop (38% → 25%)	Sharp fall after first order	Users forget Zomato; no habit formed; weak post-order communication	Day-8 personalized push: *"Welcome back*	**+3 pp Week-2 retention**	A/B: control vs personalized offer vs last-order

Insight	Observed Issue	Why It Happens (Problem)	Product Action / Intervention	Expected Uplift	Extra Notes / A/B Test
			[Name]! Enjoy 20% off today." + SMS fallback		recommendation
2. Week-3 Retention Decline	Return users leave in Week 3	Competitors offer faster delivery; slow prep/ETA frustration	Introduce **Lightning Delivery badge (<18 mins)** + priority riders for repeat users	**+2 pp Week-3 retention**	Requires ops + restaurant SLA tuning
3. Week-4 Plateau	Retention stops improving	Users stuck to 2–3 restaurants → recommendation fatigue	**"New Nearby" discovery carousel** + ML diversity engine	**+1.5 pp Week-4 retention**	Increases variety & basket experimentation
4. Week-8 Super Users (7–8% Active)	Strong loyal base emerges	High-order-frequency segment with big LTV	Early unlock of **Gold Pro**: free delivery, priority support	**₹2,500 LTV uplift/user**	~80% conversion to paid tier
5. Cohort Size Fluctuations	Week 1 vs Week 3 cohort sizes vary	Some channels bring low-quality users; paid ≠ high retention	Channel-wise retention: **Organic > Facebook > Instagram** → shift budget	**Better ROI on acquisition**	Improve SEO + content marketing
6. Bangalore > Delhi (20% vs 16%)	City-specific retention	Cuisine preferences + delivery speed differ	Geo-personalized homepage:	**+1–2 pp uplift city-wise**	Add hyperlocal offers + geofencing

Insight	Observed Issue	Why It Happens (Problem)	Product Action / Intervention	Expected Uplift	Extra Notes / A/B Test
	differences		BLR → South Indian quick service; DEL → North Indian & Mughlai		

PM Execution Framework

Category	Details	What PM Should Do
Monitoring Cadence — Daily	D1–D7 retention, ETA spikes, payment failures	Fix top-of-funnel bugs, review onboarding, monitor new user issues
Monitoring — Weekly	Week 1–4 cohort retention, feature impact	Review drops, coordinate design/ops fixes, evaluate A/B tests
Monitoring — Monthly	12-week retention, revenue retention, LTV curves	Share with leadership, adjust OKRs, refine strategy
Alert Thresholds	W2 < 35%, W4 < 16%, W12 < 4%, ETA > 32 min	Trigger notification audit, SLA check, reactivation campaigns
North Star Metric	**Week-4 retention > 20%**	Improve delivery quality, personalization, pricing clarity

NEXT STEPS AFTER ACTIONABLE COHORT INSIGHTS

After analyzing the cohort retention curves, city-level differences, acquisition-channel quality, and user-value segmentation, the next steps focus on fixing the key retention leaks, strengthening habit formation, and building long-term loyalty. These steps turn insights into a repeatable execution plan.

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

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

- Launch the automated 2nd order incentive flow (Day 1–Day 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: Increase D7 retention from 32% → 37–40%

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2. Strengthen Habit Formation (D7–D30)

Why: D30 retention is 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 homepage module
- Trigger referral reward after 3rd order

Goal: Move D30 retention from 17% → 27%

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3. Build Long-Term Loyalty (D30–D90)

Why: Only 8% become high-LTV “Power Users”.
Next Steps:

- Unlock Gold Trial after 5th order (auto trigger)
- Exclusive menus + early access from partner restaurants
- Birthday/anniversary personalized offers
- Enable Premium Customer Support for repeat users
- Create “Top Customer” monthly recognition system

Goal: Increase D90 power-user share from 8% → 12%

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

Why: Paid channels are delivering poor cohorts (12–15% retention).
Next Steps:

- Increase Referral reward from ₹200 → ₹300
- Push App Store organic through ASO, rating prompts

- Reduce Facebook/Instagram paid acquisition by 20–30%
- Double down on SEO + content creators
- Create referral-specific onboarding flows

Goal: Grow high-retention organic+referral mix from 14% → 22%+

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5. Launch City-Specific Optimization (Geo-Based Cohorts)

Why: Bangalore retention (20%) is outperforming Delhi (16%).
Next Steps:

- Bangalore: Promote South Indian quick-service restaurants
- Delhi: Boost North Indian/Mughlai, late-night delivery
- Hyperlocal offers (rain, peak traffic hours)
- City-led supply expansion for <18-min delivery restaurants

Goal: Improve Delhi Week-4 retention from 16% → 19%

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6. PM Execution & Monitoring Framework (Operationalization)

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 (search → restaurant, menu → cart)
- Impact of nudges & offers
- Experiment results (A/B)

Monthly (W1–W12 Focus)

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

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7. Updated Alert System (Based on Data)

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
Payment Failure	>6%	Payment partner escalation

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8. North Star Metric Alignment

Increasing Week-4 retention > 20% becomes the single most important metric because:

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

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9. Final Action Roadmap (All Insights Combined)

Next 2 Weeks

- Implement D0–D7 incentive journey
- Homepage personalization fixes
- Lightning Delivery experiment in Tier-1

Next 30 Days

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

Next 90 Days

- Gold Pro early unlock

- Premium support tier
- Referral program revamp
- Channel-level budget optimization

What insights surprised you during the analysis

Reflecting on the comprehensive analysis of Zomato's cohort data, several insights were particularly striking. The strong city-specific retention differences, such as Bangalore outperforming Delhi in Week 4 retention (20% vs 16%), underscored the critical role of hyper-localization and customer segmentation. This aligns with their varied Ideal Customer Profiles (Aspirers, Ikigai) which differ widely in preferences, order frequency, and cuisine choices. The identification of "super users" active at Week 8 (7-8%) revealed substantial latent monetization potential through subscription tiers, emphasizing that a small core group drives significant lifetime value and revenue. The disproportionate contribution of organic SEO channels over paid ads emphasizes 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. Pure retention % metrics evolved into combined LTV-weighted indicators (Week 4 retention × ARPU) to better align with revenue goals. Further, delivering operational metrics (delivery time, order accuracy) alongside engagement KPIs demanded cross-functional collaboration to ensure holistic health measurement. 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 to maintain competitive advantage.