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Problem Statement

Zepto has achieved significant growth in the quick commerce grocery sector, but its Customer Retention Rate has plateaued at 45% and the Average Order Value (AOV) stands at ₹460, compared to Blinkit's ₹607.

Develop a detailed product strategies to:

- Boost the AOV to ₹600.
- Enhance product discovery and engagement on the app to encourage more frequent and larger orders.
- Improve purchase experience

Hypothesis

Possible scenarios to improve the AOV

By Increasing Revenue: We can increase revenue by encouraging larger orders and driving more frequent purchases.

By Expanding Geographical Reach: Entering new cities and regions will help us tap into fresh demand and grow our customer base.

By Expanding Product Offering: Introducing new product categories will give customers more reasons to shop and fill their carts.

By Enhancing User Engagement: Personalizing the shopping experience will keep users engaged and increase their spend per visit.

By Optimizing Pricing and Promotions: Tailored pricing and promotions will encourage customers to spend more during each order.

By Enhancing Cross-Selling & Upselling: Smart suggestions of related products will help increase the value of each transaction.

By Improving Retention and Repeat Orders: Loyalty programs and subscription models will ensure customers return and spend more frequently.

By Streamlining Operations & Logistics: Faster and more efficient deliveries will improve the overall experience, driving repeat business and larger orders.

Decoding the Problem Statement

Average Order Value (AOV) is a key metric used to understand the average amount spent by customers per order. It's calculated by dividing the total revenue by the total number of orders over a given period.

AOV = Total Revenue / Total Number of Orders

Price Metric → Total Revenue

Volume Metric → Number of Orders Placed

Why to Solve



Revenue & Profitability:

Raising AOV from ₹460 to ₹600 boosts revenue and profitability in a competitive market.



Customer Retention & CLV:

Improved product discovery drives larger, frequent orders, enhancing loyalty and customer lifetime value.



Cost Efficiency & Expansion:

Higher order values reduce delivery costs and enable profitable growth in new markets.