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1. Cover Page

Title: **Zepto Growth Strategy – 30-Day Simulation Analysis**
Subtitle: **Optimizing Delivery and Marketing Capital Allocation for Growth**
Author: **Megha Kumari**
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2. Table of Contents

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3. Executive Summary

This section will provide a **brief overview** of the entire project:

- The goal of this project was to simulate Zepto's growth strategy, testing different capital allocation strategies to determine the optimal approach to maximize profits while ensuring efficient capital utilization.
- The **main insights** include:
    - The 60-40 allocation between marketing and delivery maximized customer acquisition and retention.
    - Marketing spend had a direct impact on customer growth, while delivery improvement helped maintain customer satisfaction and reduce churn.

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4. Problem Overview

Here, explain the business problem Zepto is facing and the need for optimizing capital allocation between marketing and delivery improvement.

- Zepto is seeking to maximize **long-term profitability** through an effective growth strategy.
- The challenge is to allocate **capital efficiently** to marketing for **customer acquisition** and delivery improvements for **customer retention**.

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5. Approach and Assumptions

This section outlines how the simulation was conducted and the assumptions made during the process:

- **Simulation**: The simulation tracks Zepto's growth strategy over a 30-day period, simulating customer growth, capital utilization, and profits.
- **Assumptions**:
  - The average order value (AOV) is ₹300.
  - The profit margin is 20%.
  - Capital is allocated dynamically between marketing and delivery improvement each day.

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6. Key Findings and Insights

Break down the key insights and findings from the simulation into the following sections:

Capital Efficiency

- Over the 30-day period, capital **fluctuated** due to daily spending on marketing and delivery, but it showed a **steady growth** as profits were reinvested.

Customer Growth

- **Customer growth** followed a consistent pattern, with higher **capital allocation** accelerating customer acquisition. The growth was particularly pronounced when marketing spend was increased.

Total Orders

- The **number of orders** correlated directly with customer growth. More customers led to a significant increase in the total number of orders.

Marketing vs Delivery Spending

- Marketing spend led to faster customer acquisition, while delivery spending helped in retaining customers and ensuring fast deliveries, which resulted in repeat orders.

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7. Sensitivity Analysis and Optimization

Here, you explain the **sensitivity analysis** results from different capital allocation strategies (e.g., 50-50, 60-40, 70-30):

Sensitivity to Budget Allocations

- **60-40 split** was found to be optimal for customer acquisition and capital efficiency.
- **50-50 split** was effective but did not scale customer growth as fast.
- **70-30 split** led to quick customer acquisition but impacted capital efficiency.

Profit Maximization

- The **60-40 split** yielded the highest **profits**, balancing both **marketing spend** and **delivery improvements**.

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8. Recommendations for Zepto

Based on the findings, provide actionable recommendations:

- **Optimize Capital Allocation**: Focus on a **60-40 split** between marketing and delivery to maximize long-term profits.
- **Customer Retention**: Increase focus on **retention strategies** (e.g., loyalty programs, delivery speed improvements) as the customer base grows.
- **Dynamic Budgeting**: Implement **dynamic allocation** of capital based on performance, adjusting the focus towards marketing when customer growth slows, or towards delivery when retention becomes a priority.

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9. Conclusion

This section summarizes the findings and includes the **summary table** that outlines the strategy and way forward.

Part 2: Conclusion Table

Here's the **table** that summarizes the **growth strategy and way forward**. You can insert this table in the **Conclusion**section of the report.

Metric	Findings	Key Insights
Capital Utilization	Capital fluctuates over the 30 days, showing both decreases and increases.	Capital grows steadily due to reinvestment of profits, but efficient allocation of funds is key to ensuring steady growth.
Customer Growth	Customer base grows consistently, with spikes corresponding to higher capital allocation.	Growth is tied to capital allocation, with marketing spend directly driving customer acquisition.
Total Orders	Total orders increase as the customer base grows.	Higher customer growth leads to increased order volume, demonstrating the effectiveness of the strategy.
Marketing Spend	Marketing spend directly correlates with customer growth.	A higher marketing budget results in a faster increase in customer acquisition, which leads to higher order volume.
Delivery Improvement Spend	Delivery spending contributes to higher customer retention and repeat orders.	Delivery efficiency plays a significant role in keeping customers satisfied and encouraging repeat business.
Spending Allocation (60-40)	A 60-40 split between marketing and delivery maximizes growth while maintaining capital efficiency.	The 60-40 split is optimal for balancing acquisition and retention, ensuring steady long-term growth and capital efficiency.
Sensitivity to Allocations (50-50, 70-30)	A 60-40 split works best, but higher marketing spend (70-30) leads to faster customer acquisition.	Marketing-heavy strategies (70-30) yield quick growth but may reduce long-term capital efficiency if delivery isn't prioritized.
Profit Maximization	Balanced allocation strategy yields the highest profit margins.	Maximizing customer acquisition while ensuring customer retention via delivery improvements is key to profitability.