



BUSINESS TRACK

OPERATIONS MANAGEMENT : SELF PICKUP

TEAM
The B Word
IIT Kanpur



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2023-25



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2023-25



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2023-25



Meesho Customer Review Analysis

Customer feedback analysis was performed on Meesho app reviews for September 2024, with the data reflecting issues from average daily reviews.

Issue (166) - Category	Count	%
Order & Delivery	97	58%
App Functionality	20	12%
Customer Service	24	14%
Product Quality	18	11%
Miscellaneous	7	4%

The majority of issues (58%) are related to **order and delivery problems**. This includes:

- Canceled or unfulfilled orders (24%), wrong products received (15%), missing or incomplete orders (12%), refund and return issues (18%), delayed deliveries (20%), and delivery errors such as incorrect or missed attempts (11%).

Primary Research

Survey

114 Respondents

Identified User Segments (Self-Pickup)

Target - High Self-Pickup Likeliness

Income individuals < ₹12.0 LPA			
Student M + F		Older Professionals (M+F) Working Spouse	
Tier 2	Tier 1	Tier 2	Tier 3
Young Professionals M + F			
Tier 2	Tier 1	Homemaker F	
		Tier 3	

Low Self-Pickup Likeliness

Older Professionals (M+F) Non-working Spouse		Young Professionals M+F		Homemaker F	
Tier 1+		Tier 3		Tier 1+2	
Higher-Income Individuals (₹12LPA+)		HD Convenience		Lack time	HD Receiving Help
Yes		Yes		Yes	Maybe
Young Pros (T3)		Yes		Yes	Yes
Homemaker (T1+T2)		Yes		Flexible	Yes - Self
Older Pros (NW S)		Yes		Yes	Yes

Reasons

- NW S - Non working Spouse
- HD - Home Delivery

Target User Personas

Neha Verma - Young Professional
Age: 27
Single
Income: ₹6-8 LPA
Tier 2 City
Mobility: Two-wheeler



Vikas Patel - Older Professional
Age: 36
Working Spouse
Income: ₹12-15 LPA
Tier 2 City
Mobility: Four-wheeler



Anita Sharma - Homemaker
Age: 39
Working Spouse
Income: ₹3-4 LPA
Tier 3 City
Mobility: Public Transport



Ravi Kumar - College Student
Age: 21
Single
Income: ₹1-2 LPA
Tier 1 City
Mobility: Walking / Cycle



Self-pickup Likeliness



Frequent Visit Places(FVP)

Office, Gym, Petrol Pump, Religious Places, Vegetable Market

Office, Petrol Pump, Religious Places, Pharmacy, Vegetable Market, Kids School

Religious Places, Pharmacy, Vegetable Market, Nearby park, Kids School

College/University, PG/Hostel

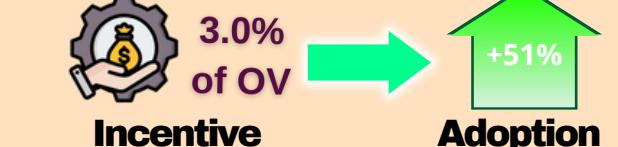
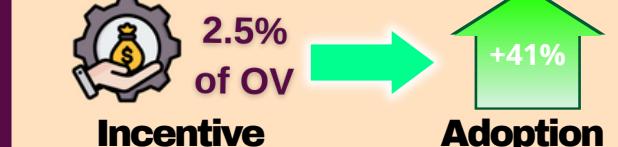
If PUDO Centers are at FVP



Maximum Travel Distance



Incentive & Adoption



Triggers / HD Pain Points

- Missed Deliveries
- Inconvenient Return Attempts
- Security Risks of Parcels Left Unattended

- Handling Multiple Orders
- Lack of Delivery Coordination Time
- Delivery Failures
- Dependency to Collect Parcel

- Security Concerns as Home Alone
- Waiting Time for Return & Refund
- Tier 3 City's Unreliable Services
- High Delivery Cost/Less Incentives

- Inconsistent Delivery Times
- Can't Collect While in Class
- High Delivery Cost/Less Incentives
- Parcel Security Risk in Hostel

*HD - Home Delivery

Adoption Key Factors/Barriers

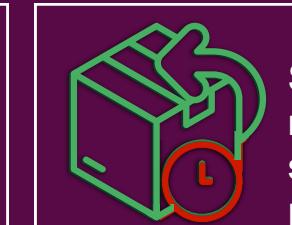
- Location:** PUDO centers at user's frequent visiting places increase adoption.
- Convenience (Proximity & Operating Hours):** The distance of PUDO centers from the office/home should be within 2-4 km with extended operation hours.
- Cost Saving / Incentive:** Choose self-pickup if cheaper or with added incentives, especially if earning is under ₹6LPA.
- Returnability:** Option to check and return at the PUDO center simultaneously.
- Delivery time:** Parcel should reach the PUDO center faster than home delivery.
- Waiting time at PUDO centers:** Ensure efficient operation for quicker service.
- Parking & Accessibility:** PUDO centers should be accessible with parking facilities.
- Security & Safety:** Secure, well-lit locations for parcel and user safety
- Triability:** Opportunity to try the service with extra incentive for the first few orders
- Environmental Benefit:** Highlight reduced carbon footprint of self-pickup, as eco-friendly options are preferred by users influenced by social media.

Key Customer Issues We are Solving



Delayed & Missed Deliveries

Self-pickup addresses issues like long and uncertain delivery windows, multiple attempts, unavailability, wrong locations, and coordination problems.



High Return & Refund Time

Speeding up returns and refunds for wrong or missing items boosts customer satisfaction. A single-step [Collect > Check > Return] process at the pickup point accelerates this.



Convenience for Busy Lifestyles

Self-pickup points let customers collect orders at their convenience, shifting decision control from the delivery person to the customer.



Parcel Security

Unattended parcels pose security risks when customers are unavailable. Secure self-pickup locations improve parcel safety.

Goals for Self-Pickup Service

1 Increase awareness and understanding of self-pickup & its benefits among target groups

2 Generate self-pickup trials and promote repeated opt-ins by retargeting users

3 Self- Pickup center expansion and scalability to establish self-pickup as the first delivery preference

4 Establish Meesho as the preferred platform for value-driven and environmentally conscious customers by adopting sustainable logistics solutions

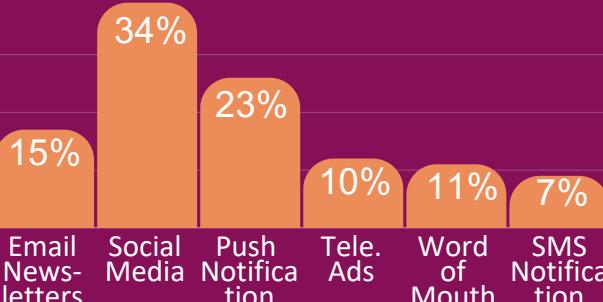
5 Bigger Picture: Make self-pickup a key differentiator for Meesho by offering cost savings and greater convenience, ultimately boosting Meesho's profitability.

Most Effective Channels

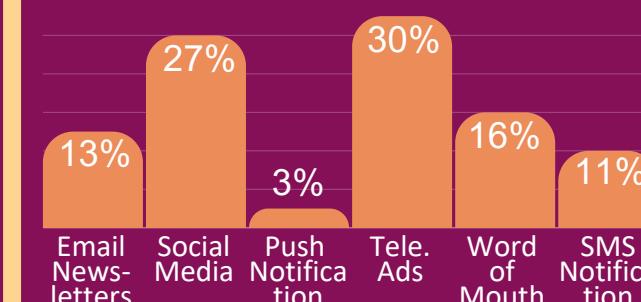
AD Campaign

We will create four short advertisements, each featuring a central character from our target audience, highlighting how self-pickup seamlessly fits into their daily routines.

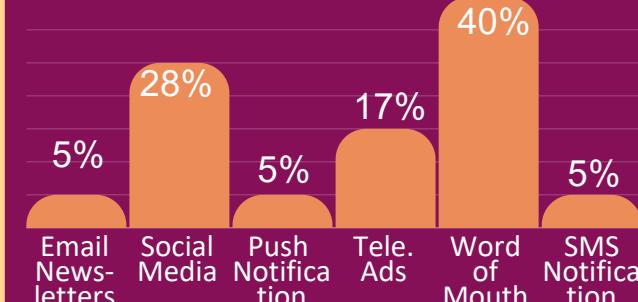
Neha Verma – Young Professional, 27, Analyst



Vikas Patel – Older Professional, 36, Manager



Anita Sharma – Homemaker, 39



Ravi Kumar – College Student, 21



How do you like to hear about our new delivery service?

Top Preferred Channel for Target Users

- Social Media Campaigns (32%)
- In-App Messaging & Push Notifications (18%)
- Word of Mouth & Referral Programs (16%)
- Television Ads (15%)
- Email Marketing (12%)
- + Reseller Network can be used for promotion

Experiences missed deliveries, inconvenient return attempts, and security concerns with parcels left unattended

Struggles with multiple orders, delivery issues, and the need to be present for collection

Faces security concerns when home alone, long wait times for returns and refunds, unreliable services in a Tier 3 city, expects incentives.

Faces inconsistent delivery times, can't collect parcels during class, high costs with few incentives, and parcel security risks in the hostel.

Adoption

+9% ↑

Adoption

+18% ↑

Adoption

+4% ↑

Adoption

+12% ↑

If eco-friendliness of self-pickup is highlighted

[Click Here for complete AD1 screenplay](#)



[Click Here for complete AD2 screenplay](#)



[Click Here for complete AD3 screenplay](#)



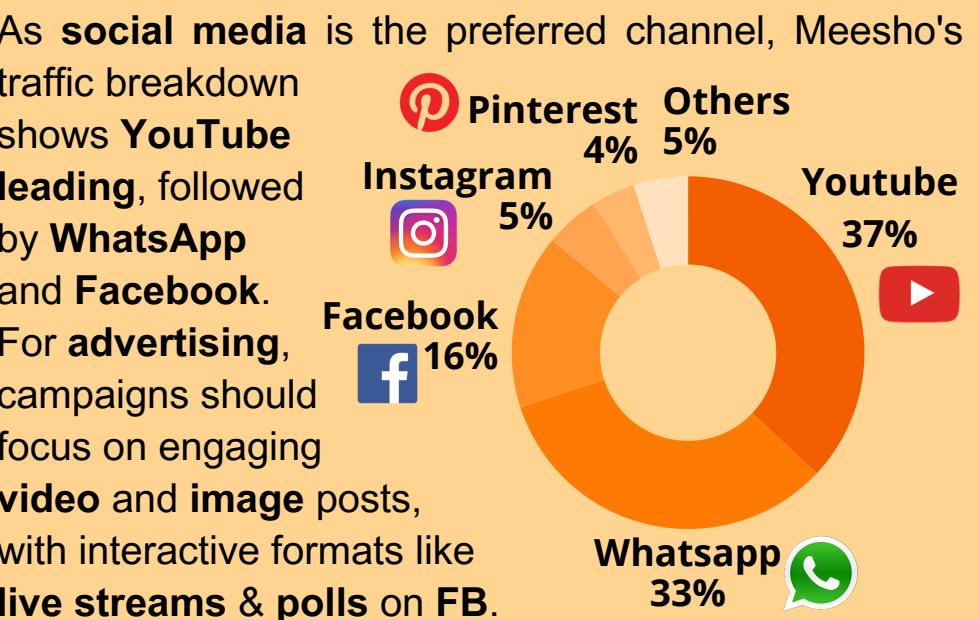
[Click Here for complete AD4 screenplay](#)



- Highlight key benefits with clear, consistent messaging across all channels.
- Promote cost savings: "Save on delivery with self-pickup."
- Emphasize convenience: "Pick up parcels when and where it suits you."

- Stress speed: "Get orders faster with self-pickup."
- Showcase flexibility: "No more waiting at home for deliveries."
- Use real-life scenarios and testimonials to make self-pickup relatable.

Meesho Social Media Traffic



On YT, informative videos and catchy Shorts. For WhatsApp, personalized messaging with multimedia and sharable content for WhatsApp Status.

WhatsApp Marketing

Why? Meesho's customer base in Tier 2 and Tier 3 cities is highly responsive to WhatsApp communications.

Personalized Messages with Incentives: Send tailored messages with exclusive discounts for self-pickup.

- Ex: "Hi [Name]! Enjoy 10% off your next order with Self-Pickup. Shop now: [Link]"

Interactive Campaigns: Run quick polls and Q&A sessions to engage users and collect feedback post-service.

- Ex: "Where would you like to pick up your Meesho order?  Home  Local Store"

WhatsApp Status Content:

Encourage Achievement Sharing: Self-pickup experiences.

- Ex: "🎉 Just picked up my Meesho order! Saved ₹100! #SmartShopping"

Eco-Friendly Impact: Highlight environmental benefits.

- Ex: "🌿 Saved 2 liters of gas with Meesho Self-Pickup! That's like planting 5 trees! 🌳 #GoGreen"

Call to Action: Motivate others to try self-pickup.

- Ex: "Why wait for delivery? Pick up your orders and help the environment! 🌎 #MeeshoSelfPickup"

Broadcast Lists & Groups: Targeted updates and exclusive offers.

- Ex: "Achievement Unlocked! New self-pickup points in your area! Collect your orders easily: [Link]"

Email Marketing

Why? Email is a cost-effective way to share updates about the self-pickup service with active customers.

Newsletters: Highlight benefits such as cost savings and convenience. **Testimonials:** Share user experiences to encourage adoption, ensuring consistent messaging across all channels.

Improving User Comprehension

- Highlight Cost Savings, Emphasize Flexibility, and Explain how self-pickup can shorten delivery times compared to home delivery.**
- Localized Content & Notifications:** Tailor content based on user locations to show nearby pickup points.
- Video Tutorials & Interactive FAQs:** Answering common concerns about the service.

Utilize existing Channels:



Low-Cost Physical Touchpoints

Why? Banners and posters at local stores or high-traffic locations (e.g., kirana stores, malls) near **PUDO centers** can effectively engage users with offline interaction. Increases adoption because of the proximity of pickup locations. Utilizing partner spaces reduces costs as already rented.

Strategy: Place posters or flyers at entry points, checkout counters, and popular spots within these locations to maximize visibility and encourage inquiries about self-pickup.

Reseller Network

Why? Meesho's extensive network of resellers can effectively promote the self-pickup option to their customer base.

Offer resellers **small bonuses or discounts** for each customer who chooses self-pickup, motivating them to promote the service.

Social Media Influencer Strategy

Theme: "अपनी मर्जी से स्मार्ट शॉपिंग, सेल्फ-पिकअप से बचाएं पैसा, समय, पर्यावरण"

Content: Vlog to show how easy it is to opt for self-pickup.

Target Platforms: YouTube, Facebook

Program Cost: Estimated ₹3-5 Lakhs per influencer for a series of posts and videos.

Influencer Selection Criteria: Influencers with substantial followings (1Mn+), Used Hindi and local languages to resonate with the target audience. Good engagement metrics and active followers.

Key Performance Indicators (KPIs)

- Online Share of Voice > 15%**
- Cost Per View < ₹0.5**
- Average View Time > 10 seconds**
- Engagement Rate > 2%**

Marketing Budget & Resources Allocation

The marketing budget and resources Allocation order:

Social Media Influencer Strategy & Content Creation > WhatsApp Campaigns > In-app messaging & Push Notifications > Word of Mouth & Referral Programs > Low-Cost Physical Touchpoints > Television Ads > Email Marketing > Reseller Network Promotion

In-App Messaging, Referral Program & Push Notifications in Slide #8

Companies Successfully Implemented Self-pickup

Companies	KPIs		
	Geography Served	Brief Overview	USP
	Germany	Germany's automated parcel stations	Focus on convenience with Pack stations. strong customer support.
	Mainland China	China's largest parcel locker network.	China's largest parcel locker network, covering 75,000 communities.
	Europe	Europe's leading locker network.	Expanding European locker network for fast, convenient parcel pickup and returns.
	Singapore	Singapore's innovative parcel kiosks.	Seamless kiosks for secure parcel pickup in Singapore.

How it all works?

		Configuration		Compartment Inner Dimensions (mm)			
Cell type	Cell Quantity	Height	Width	Depth	Max Load (kg)		
Small	16	95	350	450	20		
Medium	2	208	350	450	30		
Large	2	317	350	450	40		



Strategies

- Hivebox:** Combination of smart lockers with a SaaS platform for real-time tracking and logistics adjustments.
- InPost:** Remote locker access via mobile app for seamless, contactless parcel collection.
- DHL Packstation:** Use of loyalty programs to incentivize customers and boost engagement.
- POPstation:** Strategic placement of lockers in high-traffic areas for convenience.
- All:** 24/7 self-service access, multiple pickup methods (QR code, PIN), and real-time notifications for parcel collection.
- Security:** Anti-theft measures and safety features in lockers (Hivebox).
- Sustainability:** Solar-powered lockers and reducing carbon footprints (Hivebox, DHL).
- Customer Convenience:** Flexible retrieval options, including remote unlocking and contactless access, ensuring ease of use for all customers.

Indian Context

Best Practices

- Self-Pickup Savings:** Ideal for **cost-conscious shoppers in Tier 2 and 3 cities**, offering savings on delivery costs.
- Sustainability Focus:** Encourages self-pickup to **reduce carbon emissions**, with a visible environmental impact tracker.
- Gamified Experience:** Uses **badges and rewards to engage users**, fostering a sense of achievement and competition.
- Combined Discounts:** Shoppers can **combine SmartCoins and PickPerks Points for additional savings**, with higher rewards as milestones are reached.
- Green Customer Recognition:** Shoppers can change their app icon to a green version, **symbolizing their eco-friendly contributions**.

Highlights:

- Up to 65% of respondents showed a positive attitude towards self-pickup and sustainability.
- Upto 98% less CO2 is emitted by self Pickup



22488 tons of CO2 emissions from doorstep delivery could have been avoided.

Technical Specs



- 24/7 contact-free package delivery and retrieval
- Real-time SMS notifications
- Various Compartment Sizes
- Protection level: IP54
- Supporting saas system software

How to use?

- Receive SMS
- Input the Pick-up code
- Take out the item
- Close the door

Potential Pitfalls

- Limited Digital Literacy:** Some users in Tier 2 and Tier 3 cities may struggle with mobile apps. **Solution:** Offer simple interfaces, and SMS pickup codes, and run awareness campaigns.
- High Initial Infrastructure Cost:** Setting up smart lockers nationwide is costly. **Solution:** Begin with urban pilot projects and scale up, partnering with local retailers.

Customer Journey Map		Awareness	Consideration	Decision	Post Purchase/Onboarding	Engagement & Retention	Advocacy
Emotions Attached		Curious Overwhelmed	Interest Uncertainty	Anticipation Caution	Interaction Discovery	Satisfaction Frustration	Contentment Loyalty
User Actions		Sees ads, Searches online, Gets recommendations	Reads reviews and compares pickup locations	Adds items to cart and selects self-pickup option	Receives confirmation and tracking updates	Uses self-pickup, provides feedback	Recommends self-pickup to friends
User Persona Neha Verma – Young Professional 27  Analyst	Touchpoints	Facebook, Youtube, In-app banners	Website/app, Product pages, Pop-ups	Checkout promotion, Cart, Checkout	Email, App tutorials, Tracking page	In-app notifications, Feedback prompts, Referral programs	Referral program, Social media, Word of mouth
	Pain Points	Busy schedule, Too many ads, Information overload	Too many options, Ambiguous Info, Authenticity Concerns	Delivery and missed delays vs self effort	Unfamiliar with process, Security issues, Hidden fees	Unreliable delivery, Poor updates Incorrect items	Recommending reliable services
Vikas Patel – Older Professional 36  Manager	Touchpoints	Google ads, Family-oriented social media channels	Videos, Testimonials	Checkout page	Maps, Onboarding emails	In-app notifications, Loyalty program	Referral program, WhatsApp
	Pain Points	Busy family schedule, too many ads	Handling multiple orders, Too many options	Delivery time mismatch, vs self effort	Receives confirmation and tracking updates	Lack of updates on multiple orders	Concerns about reliability and coordination
Anita Sharma – Homemaker, 39 	Touchpoints	SMS, WhatsApp, Facebook, local community groups	Tutorial Videos, Local flyers	Checkout page	Instructions search, Local maps, app tutorials, tracking page	In-app notifications, feedback prompts, referral programs	WhatsApp, Referral codes
	Pain Points	High delivery fees, Less Incentive	Too many options, Security & Authenticity Concerns	Incentive Comparison	Process unfamiliarity	Tier 3 cities Operation issues	Recommending reliable services
Ravi Kumar – College Student, 21 	Touchpoints	Youtube, Insta, Facebook, College WhatsApp groups	Website/app, product pages, pop-ups	Checkout, cart, checkout promotions	App tutorial, SMS, Student-friendly, Location maps	In-app notifications, feedback prompts, college forums	Referral program, social media, student groups
	Pain Points	Irrelevant ads, too many options, peer pressure	Budget constraints, confusing info, peer influence, transport	Delivery cost, limited pickup locations, payment issues	Unfamiliar process, concerns over order status, Security	Coordination issues, missed pickups, long wait times	Concerns about recommending to others, peer pressure

Maximising Self-Pickup Opt-Ins



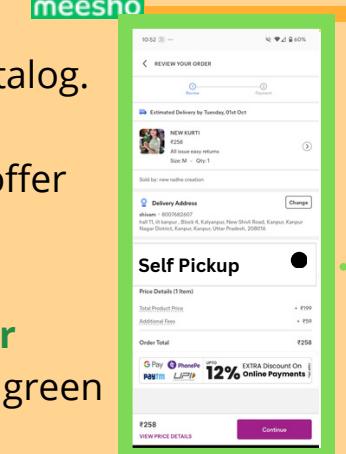
Introducing Meesho's PickPerks

PickPerks Points: Earn points exclusively for self-pickup.



- Games & Draws:** Periodic gamified events based on **Octalysis theory** for self-pickup users. Winners can redeem PickPerks Coins for rewards from a select catalog.
- SmartCoins + PickPerks:** Combine SmartCoins and PickPerks for extra discounts (e.g., 20% + 10%). This offer unlocks after certain milestones. The number of redeemable coins increases with higher milestones.

Something Special: Be recognized as a **Green Customer** and change your Meesho icon app and surrounding to a green version during the time of checkout.



Meesho PickPerks - Gamified Experience

Using **Octalysis theory**, formulated the **gamification** of Meesho's **PickPerks**

Core Drive	Mechanics	Description
Epic Meaning & Calling	Sustainability Mission	Promote self-pickup as eco-friendly, reducing carbon emissions.
Development & Accomplishment	Achievement Badges	Earn badges and PickPerks Points for hitting self-pickup milestones.
Empowerment of Creativity & Feedback	Custom Pickup Preferences	Personalize pickup experience (location, time), get instant feedback.
Ownership & Possession	PickPerks Points Wallet	Collect and redeem PickPerks Points for rewards, track progress.
Social Influence & Relatedness	Green Leaderboard	Leaderboard encourages competition among green shoppers.
Scarcity & Impatience	Limited-Time Challenges	Urgent challenges to complete self-pickups within a time limit for rewards.
Unpredictability & Curiosity	Surprise PickPerks	Receive surprise points and rewards for certain pickups to maintain excitement.
Loss & Avoidance	Pickup Streak Loss	Loss of streak and points if self-pickup opportunity is missed.

Incentive Distribution Strategy (₹7.43 per order)

- PickPerks Points:** Allocate ₹5 per order to PickPerks Points, encouraging users to redeem rewards after milestones (1st, 10th, 50th order).
- Games & Draws:** Use ₹2.43 per order to fund periodic gamified events. Winners can redeem PickPerks Coins for rewards, driving engagement and excitement.

*Refer Slide 11 for financial calculation

Behavioral Nudges

Environmental Impact Dashboard

Showing customers how much CO2 emissions they save by choosing **self-pickup** (0.2 kg per order). Displaying the impact as an equivalent no. of trees would absorb (e.g., 3.38 trees). Use a dashboard to visualize total environmental benefits.



Carbon Absorption by One Tree per Year (kg)/day	0.06
Carbon Emission per Delivery Trip (kg)	0.2
Equivalent number of trees absorbing the produced CO2 (trees)	3.39

For Detailed Calculations

We'll reward customers with badges for achieving self-pickup milestones:

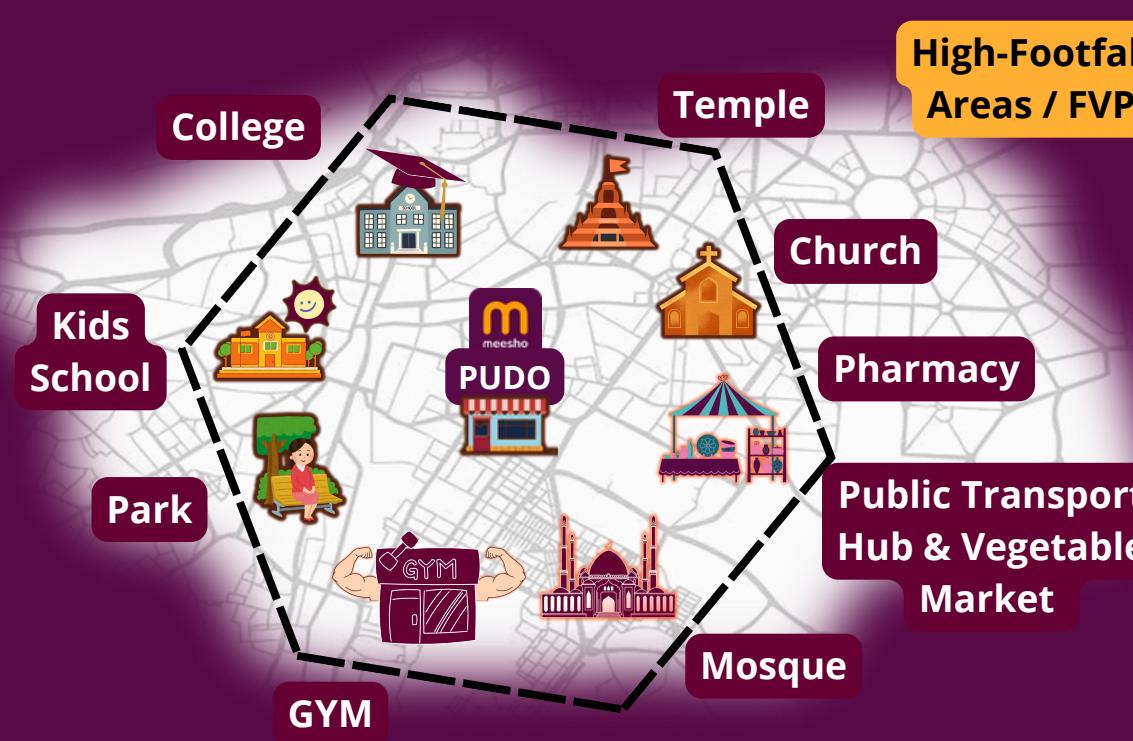


Each badge **celebrates** their contribution to reducing emissions and helping the environment.

- Post-Purchase Reminder:** Prompt missed rewards before confirmation.
- Geo-Location Prompts:** Notify users near pickup points. For Example, "You're just a few steps away from picking up your order and earning rewards."
- Default Self-Pickup:** Set as default, with opt-out.
- Pre-Selected Points:** Auto-show nearest/used pickup points.
- Pickup Streaks:** Incentivize consecutive pickups, & penalize missed streaks.
- In-App & Push Messaging:** Promote self-pickup via banners, and pop-ups. Ex, "Planning to order? Choose self-pickup to save on delivery!"
- Personalized Offers:** Notify exclusive discounts for pickup. Ex, "Hi [Name]! Get ₹50 off when you pick up from a nearby location."

PUDO Centers Selection Criteria

Criteria	Goal
No & Proximity to High-Footfall Areas	Ensure greater visibility and easy access for customers
Operating Hours	Ensures that customers can access the PUDO center at convenient times
Centrally located close to identifiable landmark within a delivery zone	Minimizing travel time and encouraging more usage of the service.
Availability of Parking Facilities	Comfort for people with private vehicle
Safety and Security	Safe neighborhood, with security measures such as CCTV
Affordability of Rental Costs	Balance between cost and customer convenience is important
Ease of Access and Visibility	High visibility enhances brand presence
Proximity to Public Transport	Customers who may not have personal vehicles.



Combination Locker Unit (CLU)

Locker Category	Small Parcel	Medium Parcel	Large Parcel
Length (ft)	1	2	3
Width (ft)	1	1.5	2
Height (ft)	1	1.5	2
Lockers per CLU	32 (84%)	5 (13%)	1 (3%)

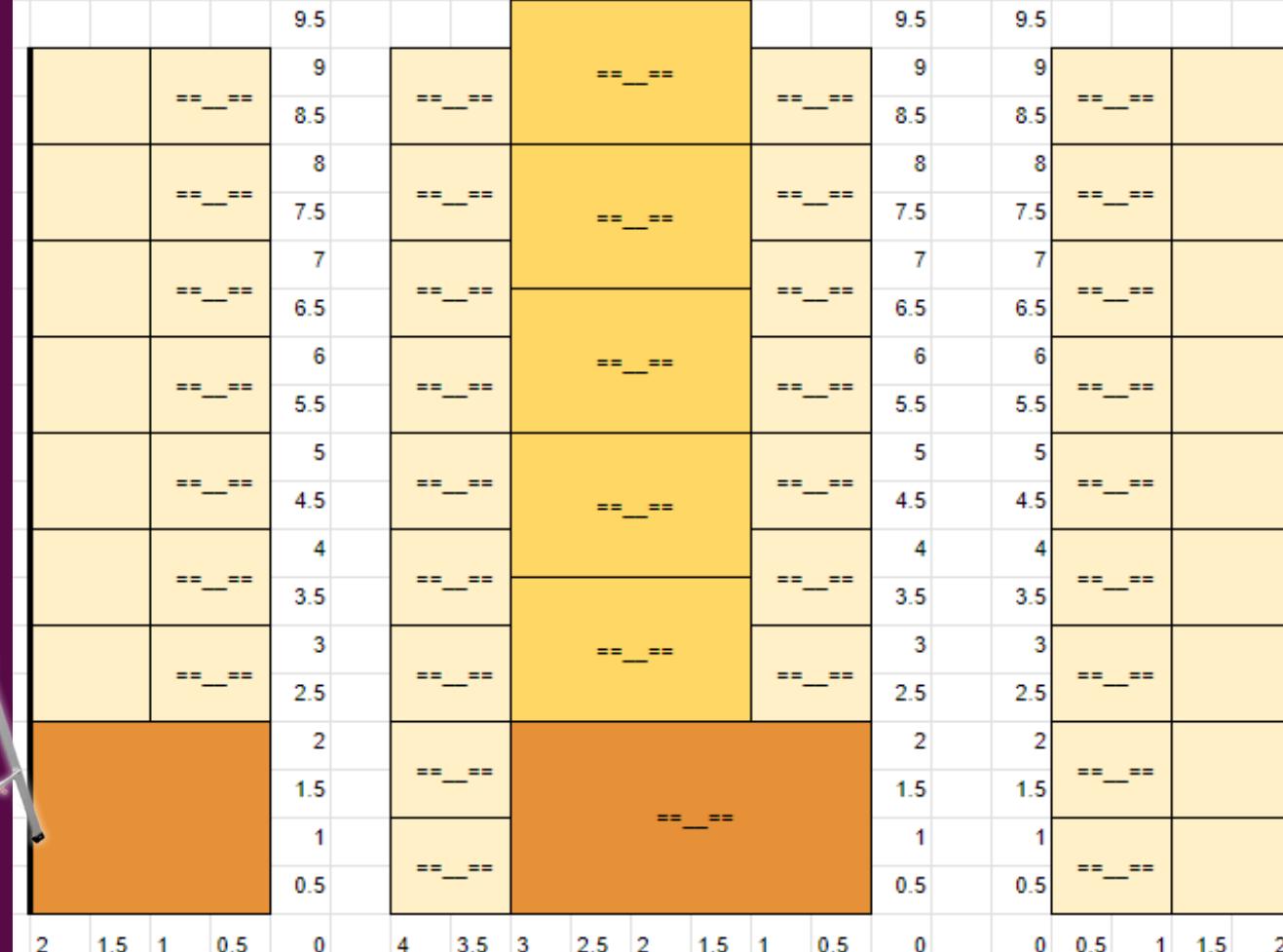
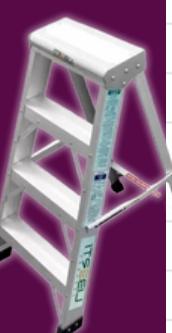
Locker **ratios** are based on assumed demand (AOV ₹350) and can be **varied** as the data as the **design is modular**

Maximum locker height is **9.5 ft**, accessible with a **3 ft portable ladder/stool**.

Floor area required for one **CLU** is **8 sq. ft.** (4 ft x 2 ft).

Each **CLU** can hold **38 parcel units**.

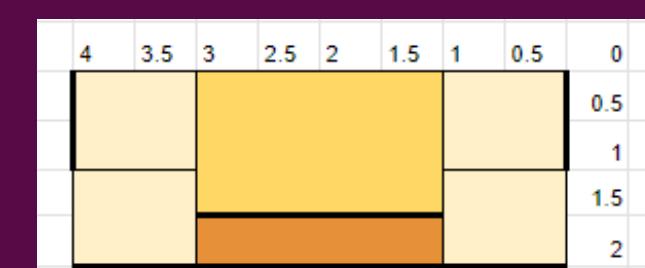
- Small Parcel Items:** Accessories, Books, Cosmetics, Clothing, Toys, and Small Footwear.
- Medium Parcel Items:** Big Shoes, Small Electronics, Kitchen Appliances.
- Large Parcel Items:** Home Decor, Medium Appliances, Multiple Clothing Items.



Right Side View

Front View

Left Side View



Top View

CLU combinations can be set up at both the **DC location** and **Partner sites** with local businesses.

Parcels falling under these three **categories** will only be available for **self-pickup**.

Standardized packaging will be implemented to ensure minimal excess space between the item and the parcel box.

Partnerships - College & Kids School

Primary and secondary **research** indicates that **College students** and **homemakers** are particularly sensitive to the distance of pickup locations due to the **lack of private motor vehicles**.

To tackle this, we will collaborate with colleges and kids schools, which are key focal points for College students & homemakers respectively. We'll set up CLU at the **entrances** of these institutions. Most colleges and schools already have a **guard on duty** who can **manage** this, potentially with added **incentives**. This **partnership** can be **cost-effective** and framed as a "**Go Green**" initiative that aligns with the **values** of many **institutions & schools**.

DC New Layout with Self - Pickup

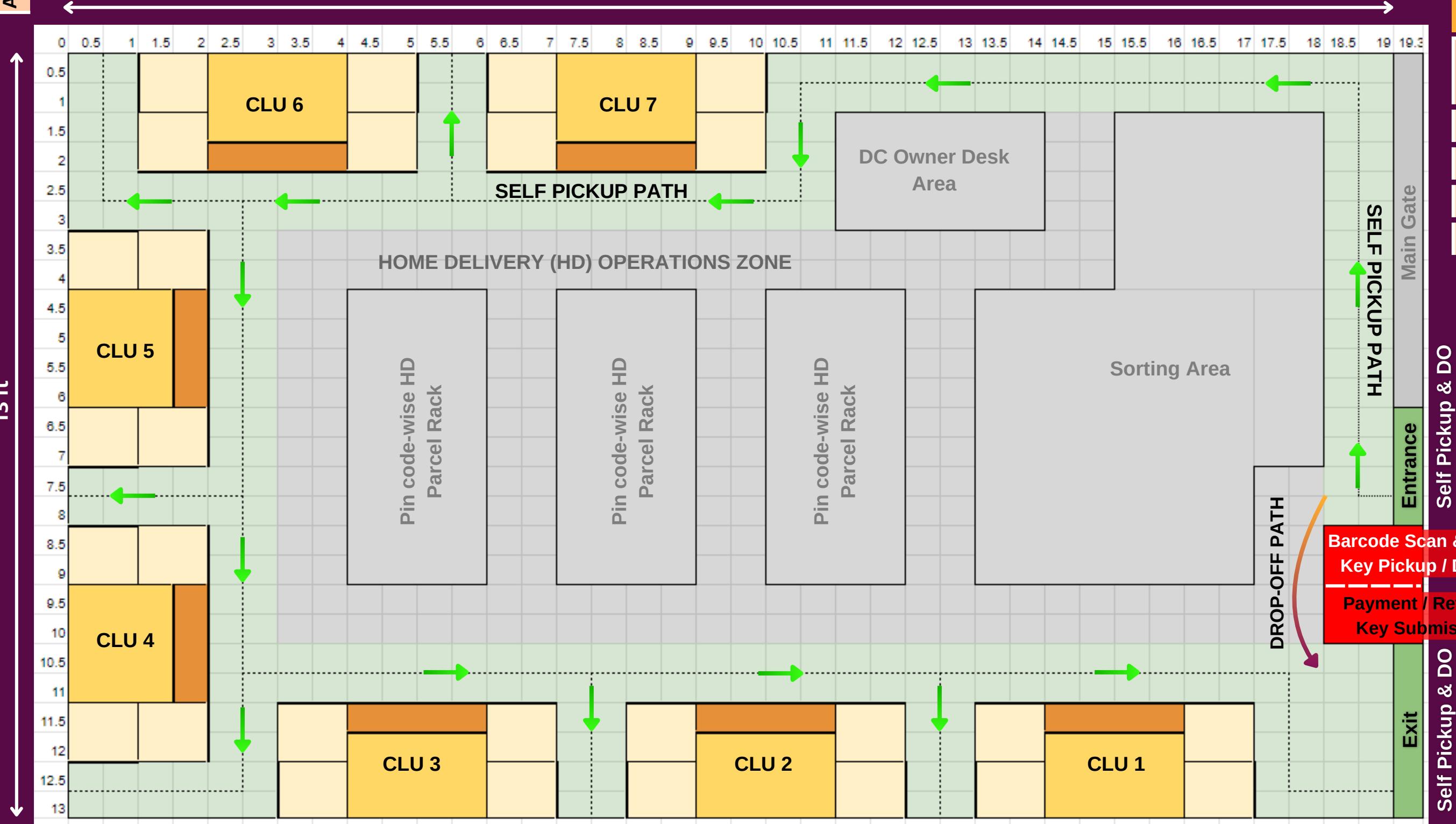
Assumptions

DC Area (Sq ft)	DC Width (ft)	DC Length (ft)	Avg Daily Units at DC	Max Self-Pickup Adoption %	Max Self Pickup Daily Units	Carryover Rate (%) Unpicked)
250	13	19.23	700	30%	210	50%

No of CLU per Partnership	1
No of Lockers per Partnership	38
No of Partnership per DC	2

Parcel Lockers per CLU	No of CLUs per DC	DC Locker Capacity	No of Locker with partner per DC	Locker Capacity per DC
38	7	266	76	342

19.23 ft



Duration Before RTO

	Daily Incoming Parcels	Yesterday's Carryover Parcels (50%)	Total parcels at DC
Day 1	210	0	210
Day 2	210	105	315
Day 3	210	157.5	367.5
Day 4	210	183.75	393.75

Assuming a **maximum self-pickup adoption rate** of 30%, a 50% parcel **carryover rate**, and even demand **distribution** between partnership and DC lockers, parcels can remain at the PUDO center for **2 days before being returned to the origin**.

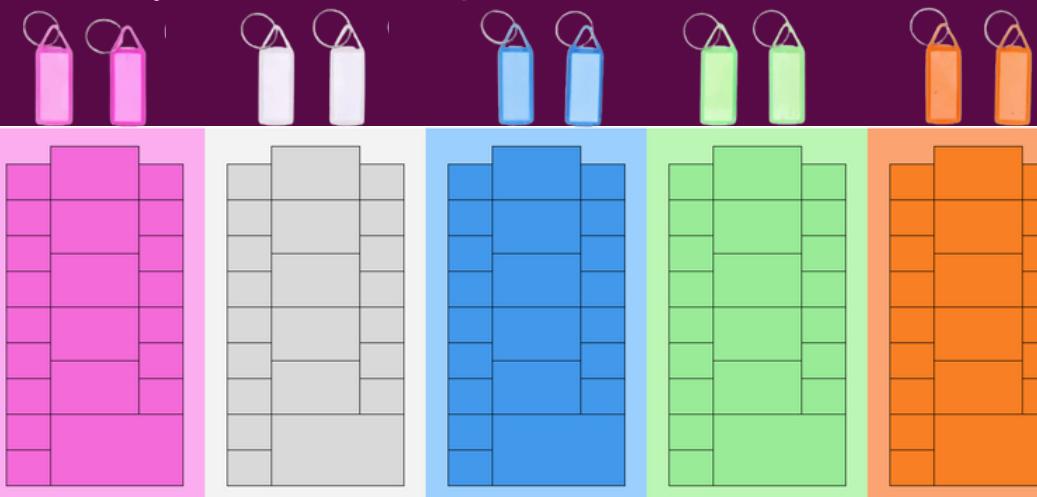
DC Sufficiency

	Daily Incoming Parcels(20% Adoption Rate)	Yesterday's Carryover Parcels (50%)	Total parcels at DC
Day 1	177	0	177
Day 2	177	88.5	265.5

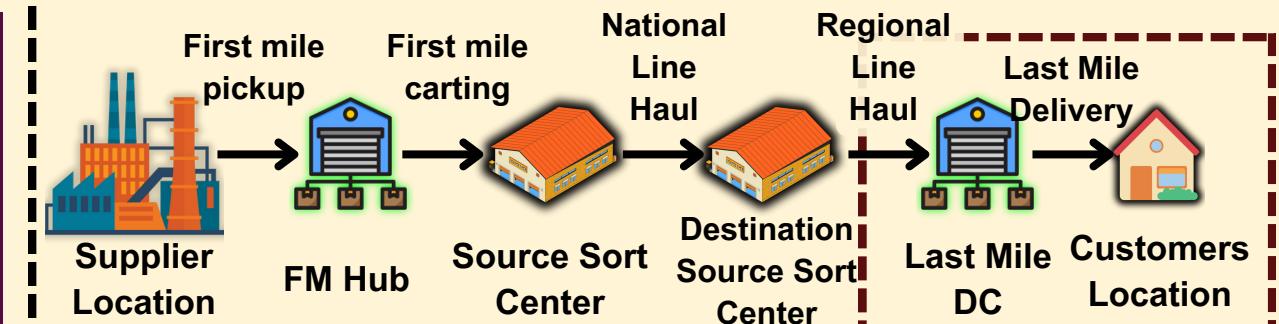
At a 30% self-pickup rate(Max) and 50% carryover, DC can only handle a **1-day RTO**. To extend this to the ideal **2-day RTO** for user convenience, **partnerships** with colleges and kids schools are needed. DC can function well until the adoption rate exceeds 20% without these partnerships.

PUDO Centers Key Feature

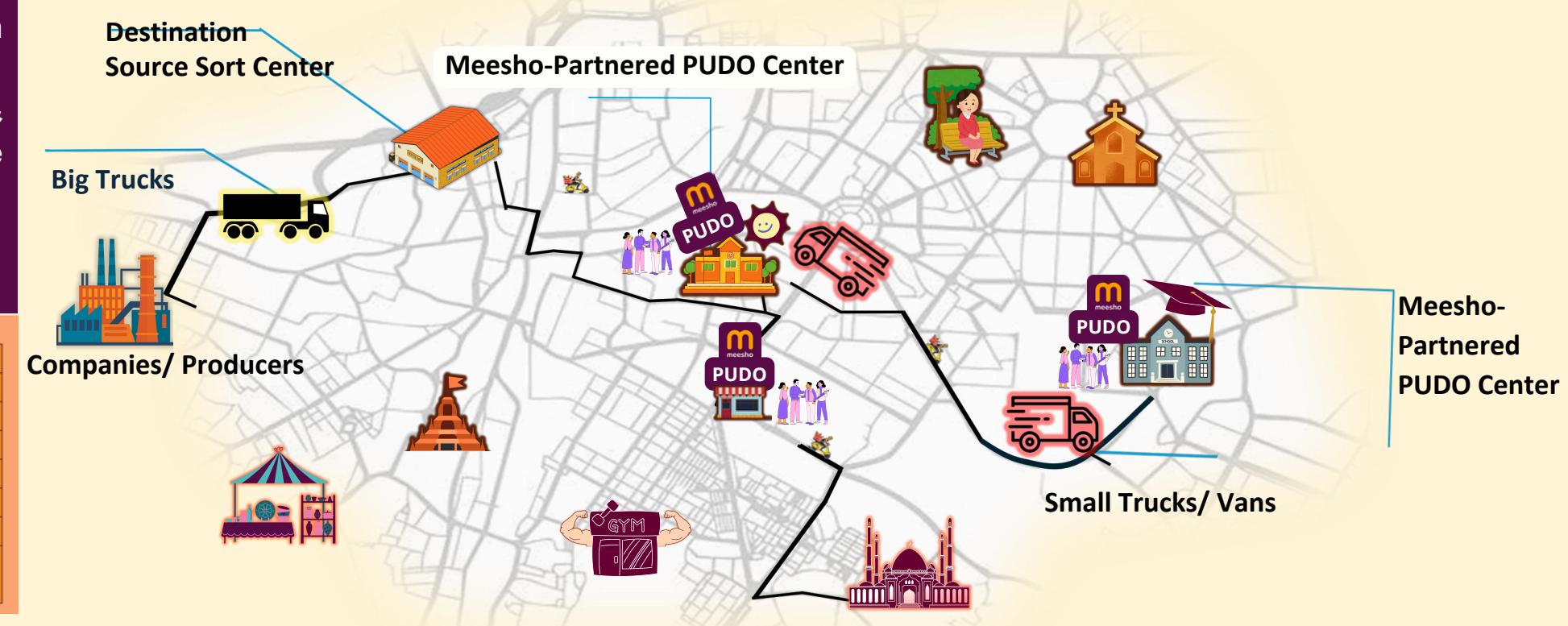
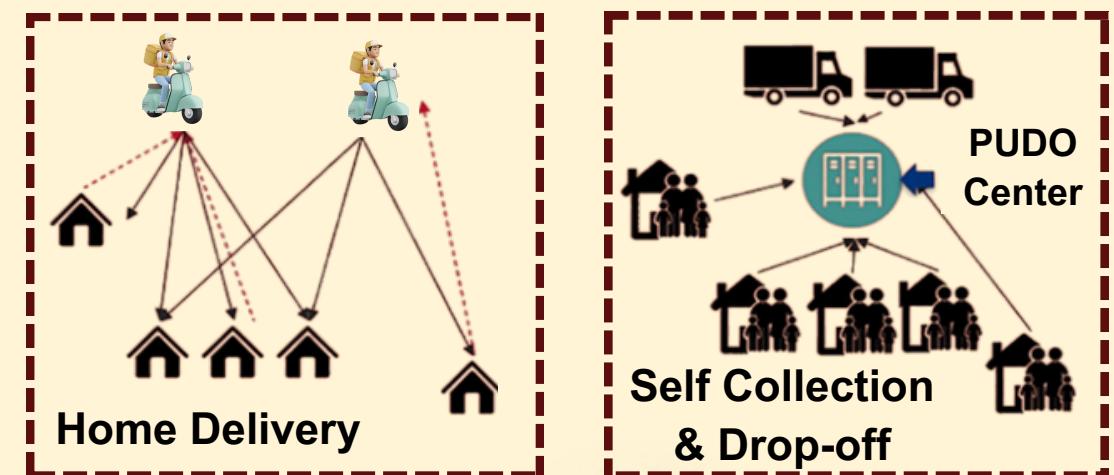
DC Operation Area Division	
Carpet Area per CLU (Sq ft)	8
No of CLUs per DC	7
Total Carpet Area - CLUs (Sq ft) + Corner Areas (Sq ft)	56+4
Home Delivery Ops. Area (Non - Peak Hours)	210
Home Delivery Ops. Area (Peak Hours)	119

- Max space availability at DCs is during **non-peak** hours, ideal for order sorting and **home delivery rush activities**.
 - Parcel Trucks from warehouse to DC usually arrive late at night so HD activities can be pre-planned.
 - PUDO Peak Hours:** 8:00 AM to 11:00 AM and 5:00 PM to 7:00 PM.
 - Operating Hours:** 6:00 AM to 10:00 PM for self-pickup.
 - Two DC employees** manage PUDO: One handles entry/exit, scans barcodes, assigns/collects locker keys, and processes returns. The other **assists customers** specifically with **disabilities or limited mobility**.
 - Customers follow the guide path to collect parcels, then pay or return items at the exit.
 - Floor guide path, Color-coded keychain, locker, & wall, Key placement board** for employees matching the CLU layout for smooth operations.
- 

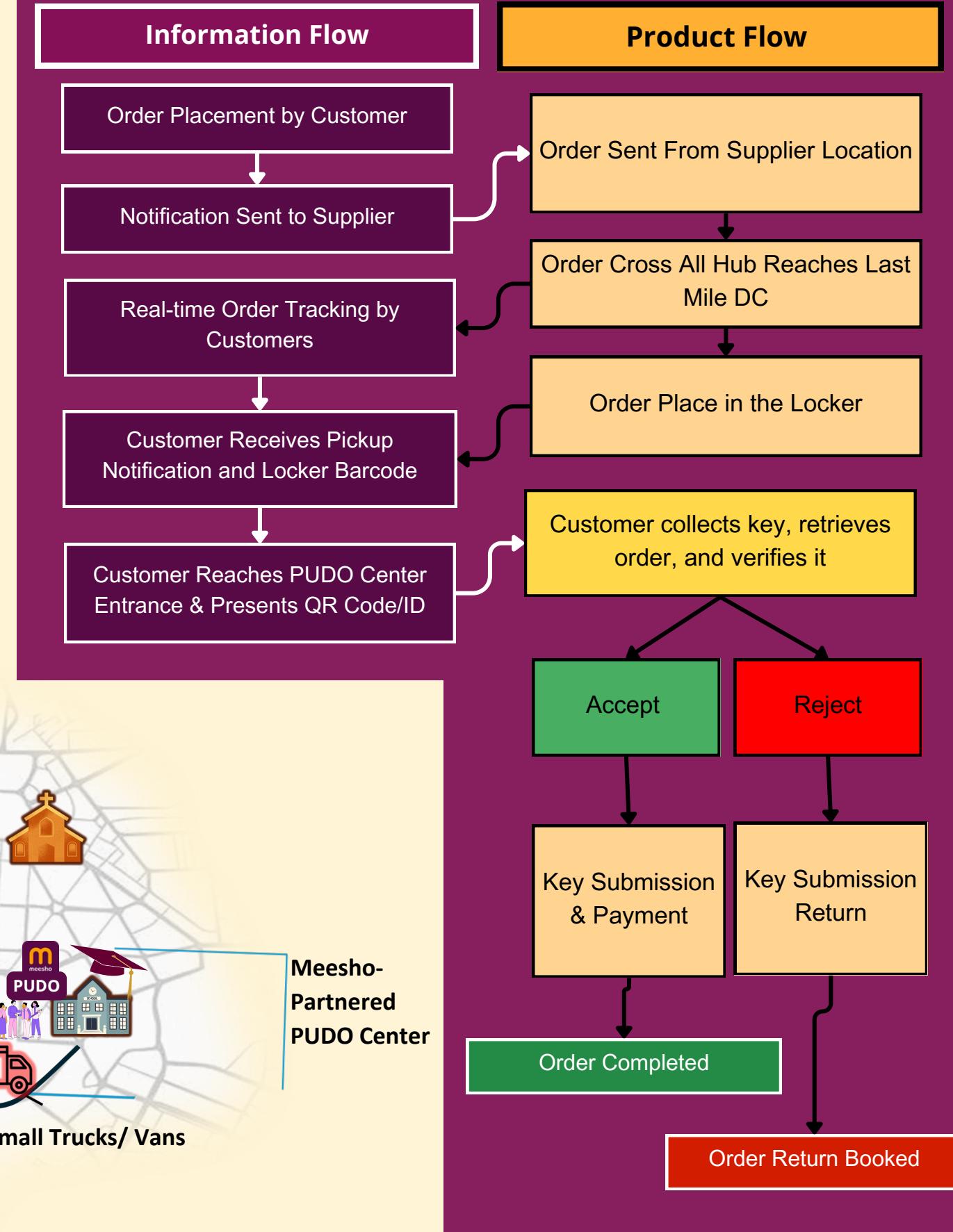
Valmo's Existing Supply Chain



Last Mile Operation Change



Process Flow chart



T1. Opex of self pick up center(Storage cost)

Variable	Value(Monthly)	Background
DC area (assumed)sq. ft (A1)	250	Given Asmp
No. of staff req (B1)	2	Assumed based on model
Avg. staff salary (INR) (C1)	17500	Assumed
Total staff cost (INR) (D1)	35000	B1*C1
Store rent per sq. ft.	40	Given Asmp
Total store rent (INR) (E1)	10000	Given Asmp
Utilities and other costs per sq. ft. (F1)	20	Assumed
Total utilities & other costs (INR) (G1)	5000	A1*F1
Performance based incentive	20000	Assumed
DC Operational cost (H1)	70000 INR	D1+E1+F1
No of DC (I1)	12	Given Asmp
Quarterly Opex of distribution center	2.52 MINR	H1*I1*3/10^6

T2. Unit Economics

Variable	Value	Background
Adoption Rate	30%	Assumed
AOV	₹ 350.00	Given Asmp
LM deliver/Order (A)	₹ 14.00	4% of AOV Given
LM processing/order (B)	₹ 4.20	1.2% of AOV
Self pick up Opex/order (C)	₹ 3.33	H1/(30 days*700 nos)
Savings/order (D)	₹ 14.87	A+B-C
Avg Incentive/Order (E)	₹ 7.43	0.5*D
Profitability/Order	₹ 7.43	D-E

For Detailed Calculations

Valmo Payment Allocation for DCs

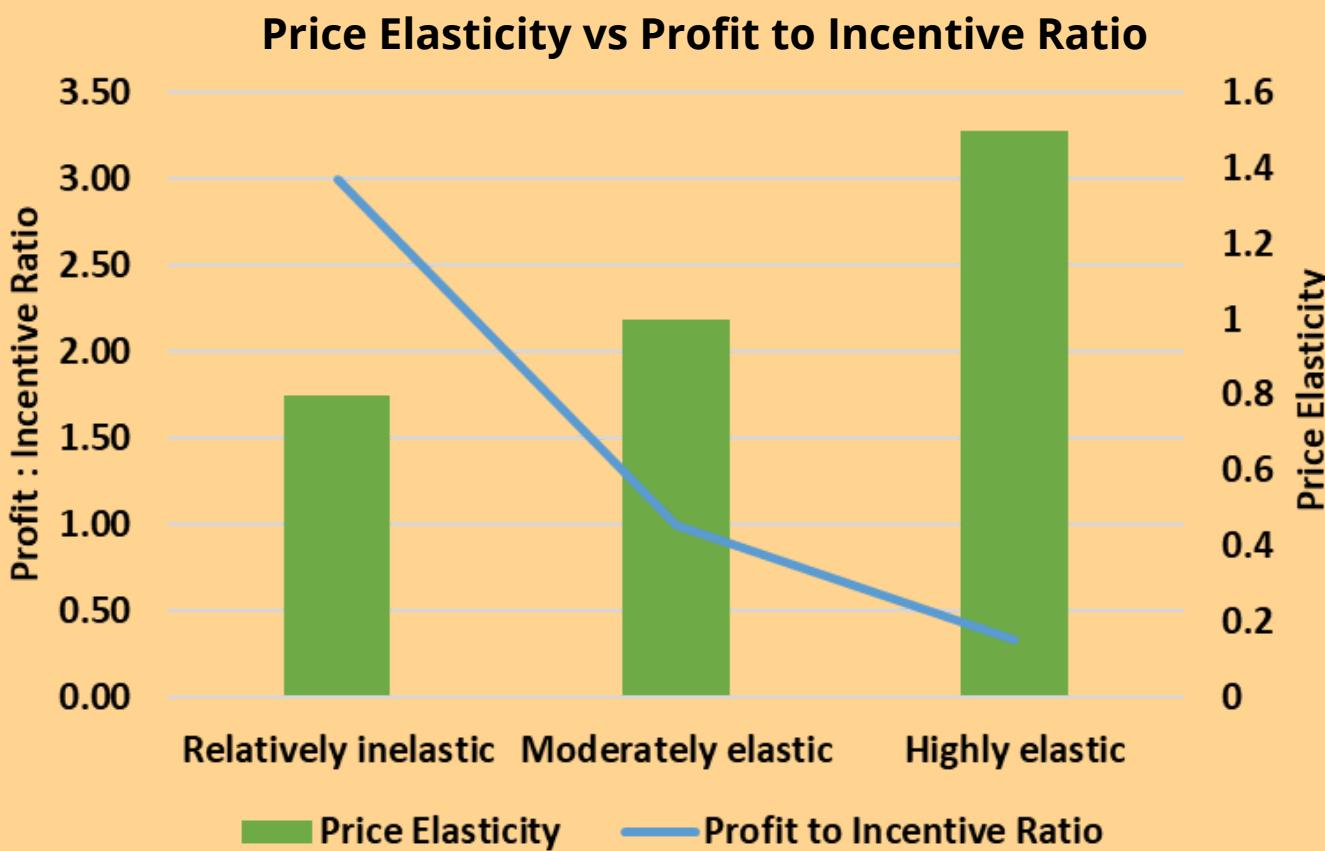
Payment Component	Description	Amount
Fixed Rent	Compensates for infrastructure cost	₹100,000 per month
Fixed labour cost	For payment of manpower	₹17500/labour
Maintenance cost	Maintenance activity	₹5,000
Performance Bonuses		Incentivized based on key KPIs:
Adoption Rate	Bonus for customer adoption rate exceeding 30%.	₹5,000
Order Handling Time	Bonus for maintaining order handling time to 5 min.	₹5,000
Customer Satisfaction	Bonus for achieving customer satisfaction rate >90%.	₹5,000
Order Volume Growth	Bonus for 10% growth in order volume.	₹5,000

Rationale behind various Components

- The table highlights the key **cost drivers** for operating a self-pickup center, such as **store rent, utilities, staff salaries, and performance-based incentives**.
- By calculating **Opex per order** and comparing it with the **cost savings from LM reduction** (₹ 14 per order), it shows that the **self-pickup model** is more **cost-efficient** (saving ₹ 14.87 per order).
- The **profitability per order of ₹ 7.43** is driven by this **reduction** in last-mile delivery costs and **lower operational costs** of the self-pickup model.
- Fixed Rent:** Covers infrastructure & staffing, ensuring stability.
- Fixed Labor Cost:** Fair compensation for order processing.
- Maintenance Cost:** Ensures facility upkeep with volume scaling.
- Performance Bonuses:** Drives KPIs & aligns with goals.
- Adoption Rate Bonus:** Encourages self-pickup adoption, cutting last-mile costs.
- Order Handling Time Bonus:** Rewards efficiency in processing.
- Customer Satisfaction Bonus:** To Enhance service quality & customer loyalty
- Order Volume Growth Bonus:** To Support scalability and cost efficiency.



Cost Savings Allocation & User Incentives



T3. Increase in quarterly profits

Variable	Value	Background
Profitability/Order (Rs)	7.43	From T2
Adoption rate	30%	Assumed
No of order/DC	700	Given Asmp
No of DC in city	12	Given Asmp
Increase in Daily Profitability/City (Rs)	18732	1.2% of AOV
Increase in Quarterly Profits / City	1.69 (MINR)	H1/(30 days*700 nos)

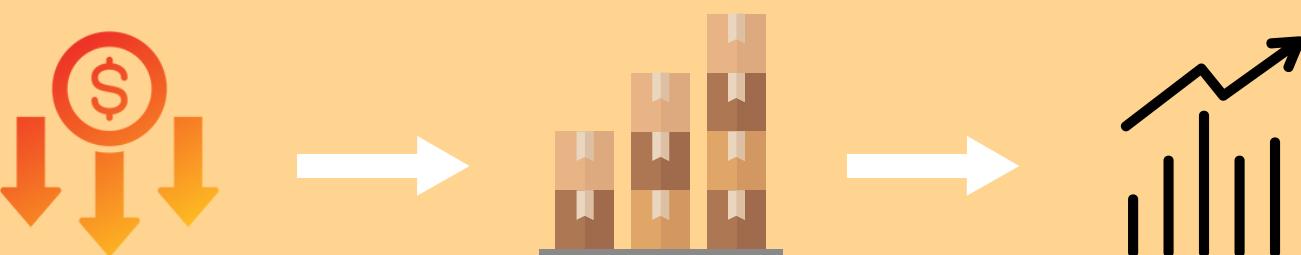
- By adopting to self pick up delivery at the last mile Meesho can still **increase Y on Y its profitability by 6.76 million Rs** as per the above calculation & assumption.
- As we are using 50% savings to incentivize customer and reduce price considering the average price elasticity of products to be 1 we can **increase the Quarterly sales volume** of products that are sold through self-pick up by 2.12%

T4. Volume growth

Variable	Value	Background
AOV (Rs) (A4)	350	Given Asmp
Adoption rate	30%	Assumed
Avg Incentive/Order (B4)	7.43	From T2
Decrease in price/order (C4)	2.12%	A4/B4
Price elasticity	1	Assumed
Increase in quantity sold	2.12%	C4*D4

Key KPI for DC Performance Measure

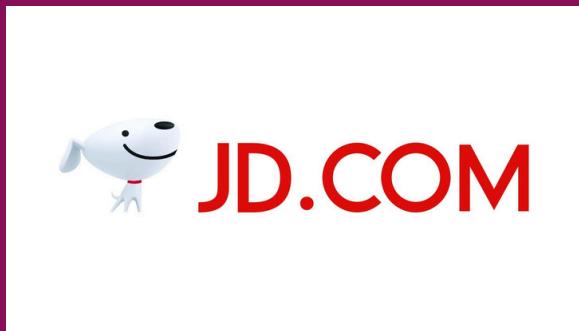
- For materials Whose **price elasticity of demand is > 1**, we can get more **volume growth** by incentivising customers so the expenditure on **incentives** in this case is **0.75 of savings** from the order.
- For materials with price **elasticity of demand < 1** as growth is not increased much we spend only **0.25 of savings** on **incentives** and keep 0.75 as profit.
- Further to make the incentive program more effective **Octalysis framework for Gamification & behavioral design** is used as shown in the above slide to **increase the utility** of the incentive amount for customers & **gain volume growth**.



APPENDIX

(Embedded Links)

Thank You !



[Link to Research Papers
Consulted](#)