STAGE 2

<mark>**STRATEGY FORMULATION**</mark>

Product strategy is a critical component of the overall business strategy, and it plays a pivotal role in guiding the development and evolution of a product

Vision Statement:

"To be the preferred and most innovative food delivery and discovery platform, enhancing the lives of our customers and restaurant partners."
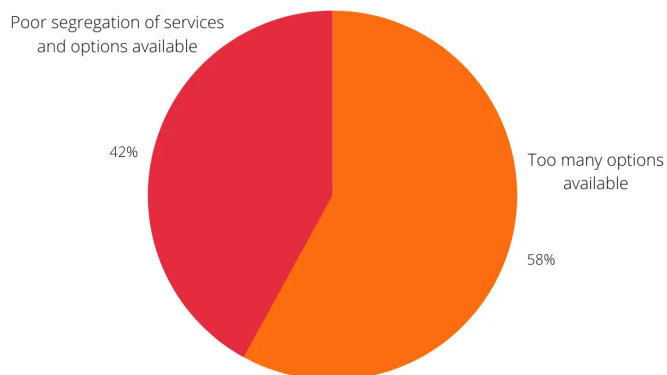
Product strategy steps:

1. Enhance user experience -
   Personalization and Recommendations: Invest in machine learning algorithms to analyze user preferences, order history, and real-time data to provide personalized food recommendations.
   Intuitive User Interface (UI):

No 48%

Yes 52%
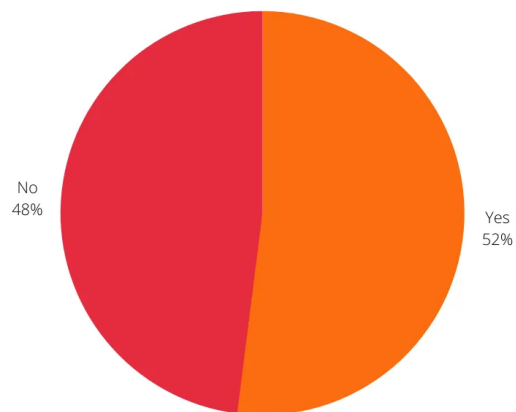
Have you ever been confused while using Swiggy?

Poor segregation of services and options available

42%

Too many options available

58%

If Yes, then what is your reason for confusion?

2. Expand Service Offering:
- Grocery and Essentials Delivery: Leverage the existing delivery infrastructure to include grocery and essential items delivery.
- Virtual Kitchens: Collaborate with virtual kitchen partners or launch Swiggy-owned virtual kitchens to offer exclusive and innovative cuisine options, thereby expanding the variety of food choices available on the platform.
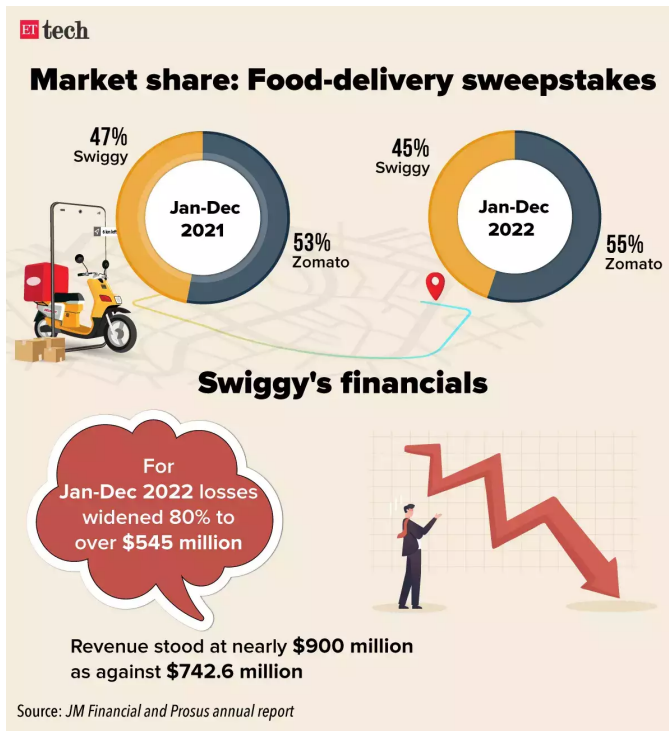
3. Technological innovation:
   - Swiggy can use AI-powered neural search helps users discover food and groceries in a conversational manner, receiving tailored recommendations.
   - Swiggy should use Generative AI techniques for a Dineout conversational bot, guiding users to preferred restaurants while dining out.
   - Currently Swiggy is also building generative AI-led solutions for its ecosystem of restaurant and delivery partners.

4. Geographic expansion : sales can be increased by
   Rationalise Its Cost-The significant move Swiggy can make in the future is to rationalise its operating costs. For this, the company recently announced that it plans to sell its cloud kitchen business. The reason behind this decision is to bring down the cost as soon as possible.
   Cost-Effective Service Since Swiggy's food delivery charges are high compared to its rival Zomato, the company plans to lower the delivery charges as soon as possible. One of the major moves Swiggy might make is to partner and expand its food delivery team per geographic location. The less delivery time will help Swiggy to lower the food delivery charges that increase its sales.
   Global Expansion-Swiggy's major target right now is India's 500 cities, which covers a major part of its sales. The next move of the food delivery giant might be targeting the international market, including countries like UAE. Swiggy also raised new funds of $1.25 billion in a funding round in 2022. The global food delivery market is growing rapidly, bringing immense opportunity to Swiggy.

ET tech

Market share: Food-delivery sweepstakes

47%
Swiggy

Jan-Dec
2021

53%
Zomato

45%
Swiggy

Jan-Dec
2022

55%
Zomato

Swiggy's financials

For
Jan-Dec 2022 losses
widened 80% to
over $545 million

Revenue stood at nearly **$900 million**
as against **$742.6 million**

Source: *JM Financial and Prosus annual report*

4. Tech stack

Frontend: Swiggy's frontend is built using a number of technologies such as HTML, CSS, and JavaScript. They also use various frameworks and libraries such as Boostrap,React, Redux, and Angular to build and manage their frontend.

Backend: It uses several backend technologies such as Java(Spring), Node.js, and Python. These programming languages help to build the server-side skeleton.

Code management: Git, GitHub.

Data management: A mix of Relational and NoSQL databases to store and manage their data. The databases used include PostgreSQL, Cassandra, and MongoDB.

Cloud Support: Cloud infrastructure is used such as Amazon Web Services (AWS) and Google Cloud Platform (GCP){Google Apis(Maps,location etc)}, to host and manage its services. This provides a scalable and secure environment for their application and data.

Mobile Development: Swiggy has a mobile application for both Android and iOS platforms.The Android app is built using Java and Kotlin, while the iOS app is built using Swift.

Firebase (i.e a mobile and web application development platform)

Microservices Architecture

Webserver / proxy server + traffic nginx

Web hosting: GoDaddy

Analytics: Google Analytics, Inspectlet.

Marketing: Google Tag Manager, Facebook Login.

TECHNOLOGICAL INNOVATIONS -

- Contactless Delivery: Invest in technology to enhance contactless delivery options, including drone or autonomous vehicle delivery in specific urban areas. This aligns with safety concerns and convenience expectations, especially post-pandemic.
- Augmented Reality (AR): Integrate AR features to allow users to virtually explore restaurant menus, enhancing the online dining experience. This can also serve as a differentiator in the market.

5, KEY KPIS

Key Performance Indicators (KPIs):

- Monthly Active Users (MAUs) and Daily Active Users (DAUs)
- Order Frequency and Average Order Value
- Customer Satisfaction Scores
- Market Share in Targeted Geographic Expansion Areas
- Revenue from New Service Offerings (e.g., grocery delivery, virtual kitchens)
- Adoption of New Features (e.g., AR menu exploration, contactless delivery)

IMPACT ANALYSIS
1. **Increased daily customers - by personalized recommendations**
   - Swiggy is using data analytics to individually curate the customer landing page—list of restaurants—to each user's taste preferences rather than just curating on the basis on the customer's location
   - . The company said that it's building a concept known as "food graph" which breaks down a food dish by recipe, cooking style, ingredients used, calorie value, and variations of the dish.
   - By combining the food graph with a customer's previous food preferences, Swiggy is able to derive a personalized restaurant feed at the app homepage itself.
2. **Potential Revenue Growth:**
   - New Service Offerings: Diversifying into grocery and essential items delivery, along with the introduction of virtual kitchens, could contribute to additional revenue streams. Assuming a successful rollout, this might lead to a 20-30% increase in overall revenue within the first two years.
3. Operational challenges -
   - Swiggy's losses have seen a significant jump from 205 crores in FY17 to a staggering 4400 crores in FY2023, highlighting the challenges and financial struggles faced by the company.

- Food delivery apps face high pressure to keep all customers satisfied, as losing even one customer can have a snowball effect and damage the business for delivery boys and restaurants.
- The inability to increase commissions from restaurants and the need for investor funding are major challenges for food delivery startups to achieve profitability.
- The cloud kitchen model, where the platforms themselves make the food in dedicated cloud kitchens and deliver it to customers, is one of the ways these companies are trying to increase their profit margins and become profitable

MITIGATING CHALLENGES

To address the logistics challenge in the food delivery business, companies need to adopt a comprehensive approach that includes several key strategies.

- One such method is to invest in technology that enables real-time tracking of orders, delivery routes, and driver performance.It can help companies optimize delivery networks, improve efficiency, and reduce costs.
- For example, food delivery businesses can use machine learning algorithms to do market research to predict demand patterns and adjust their delivery schedules accordingly or use GPS tracking to monitor delivery drivers' locations and reroute them if necessary.
- Lessons can also be taken from other sectors. For instance, understanding cold chain logistics in a healthcare context can bolster food transportation strategies immensely, keeping costs down and reducing waste.