Assumptions:

* In the center of Madrid, there are 635.000 app users of which 15% buy groceries through Glovo and place 2 orders per month.
* Average Order Value (AOV) split:

|  |  |
| --- | --- |
| AOV less than 5€ | 33% |
| AOV between 5-10€ | 30% |
| AOV more than 10€ | 37% |

* Industry’s cart abandonment is 60%
* The delivering fee of each item is 2€
* Monthly data is extrapolated analyzing the 2-month period provided and excludes seasonality effects that may arise from specific periods: Christmas, Easter, Sumer, etc.
* Although seasonality brings extremely important opportunities, the same rational presented in the one pager would apply with this specific focus and data driven approach
* There is a team of data analysts that supply trends and insights
* Given that there are Acquisition and Retention teams that constantly analyze consumer behavior and propose plans accordingly, the initiatives presented below are only focused after the consumer opens the app.
* The couriers’ routes are already optimized to have the minimum time waste possible, bundling up orders that are close together
* Glovo has a B2B account department that can negotiate and operate with business partners
* Legally, dark stores can sell directly to consumers that spot them on the street
* All the ideas proposed will be worked with the correspondent project team which is accountable for part of the overall process
* Dark store’s stocks have a direct correlation with the number of items that are requested in the app
* All proposed initiatives will be measure through A/B testing to assess impact and pivot if necessary

**Initiative #1: App notifications**

Context: Glovo has an overall XX% conversion rate on their orders. After careful analysis, the trends consist of (1) classic weekly replenishment of *Desayunos, Panadería y Dulces, Lácteos & Quesos* and *Bebidas* on Monday and Thursday peaking at xxh and xxh and (2) last minute complementary orders of *Bebidas* on Fridays and Saturdays peaking at xxh and xxh.

Plan:

* Push notifications 30 min before usual order timeframe, to remind users it is time to order again and ensure they place their requests
  + Targeted consumer profile: Routine consumers who place weekly orders
* Targeted cart drop-off campaigns to users who abandon the purchase, accompanied by a 10% discount
  + Targeted consumer profile: Abandoners

Main impact and KPIs: Increase conversion rate by XX%

**Initiative #2: Bundles & Subscriptions**

Context: consumers grow accustomed to ordering the same type of shopping cart and need to be stimulated to buy in a regular way and diversify their order (either by quantity or quality).

Targeted consumer profile: Order once a week, usually more than 5 items

Plan:

1. Suggest complementary products to the ones on the cart focusing on non-perishable ones:
   1. Buying cereals or coffee -> suggest milk (61% of cereal orders do not contain milk)
   2. Buying shampoo -> suggest shower gel (64% of shampoo orders do not contain shower gel)
   3. Buying beer –> suggest chips (57% of beer orders do not contain chips)
2. Offer a free sample of a higher margin product that fits the basket preferences intending it to be included in the next orders
3. Based on overall patterns of consumption, create bundles that aggregate several products under a subject that may not necessarily be top of mind in a regular shopping, including high margin SKU within the same collection and promoting product trial:
   1. Breakfast basics for the week: Bread, Milk, Cereals, Coffee, Cheese, Ham, Eggs, Fruit and Juice
   2. Cleaning: Toilet paper, trash bag, detergents
   3. Vegan (could be accompanied by easy recipes step-by-step)
4. Recurrent orders
   1. Offer user the possibility of selecting groceries to be automatically delivered weekly without having to place an order. This order may be altered to include or exclude items that will be in effect the following week.

Main impact and KPIs: increase AOV by 15%-25% and boost higher margin products by 10%

**Initiative #3: Cashbacks**

Context: By keeping the money in the platform, Glovo increases engagement an ensures users repurchase.

Plan:

* For each 10€ a user spends, gets 1€ cashback in the app that can be used on a next order (37% of AOV are valued in more than 11€)
* The cashback wallet can only be spent if the AOV is 20% higher than the usual order, otherwise the discount will not be available. According to each user consumption pattern, the minimum order information should be displayed on the app

Targeted consumer profile: Value-for-money, more prone to buy when they feel they have a discount

Main impact and KPIs: increase AOV of user by 20% and push 30% of current orders between 5€-10€ to reach the cashback threshold.

**Initiative #4: Cost Reduction**

Context: It is key to optimize costs to increase product margin.

Plan:

* Consumer facing
  + Increase delivery fee from 2€ to 2,5€ if the order is below 10€.
  + Offer the option to pick up the already packed order from the dark shop, avoiding the riders’ cost
    - Targeted consumer profile: Smart shoppers
* Company facing:
  + Re-negotiate margins with suppliers from slow mover products
  + Buy in a larger scale (therefore, getting g lower cost) products on which supply meets demand

Main impact: increase in product margin, on the one hand, for consumers who accept to pay the extra fee (59.500€ savings), and increase AOV, on the other hand, due to consumers who prefer to order a few more items so they don’t pay the extra fee (increase by 128.500€)

**Initiative #5: New B2B Business Opportunities**

Context: Leveraging on the strong riders’ network, there is an opportunity to introduce new services on the riders’ route and create an extra source of income to Glovo

Plan:

Centrally, negotiate contracts with companies regarding:

* Breakfast delivery weekly or daily to offices (several companies offer this as a perk to employees)
* Customer care services (replacements, returns, …) that are considered a nuisance by consumers in terms of timings and processes. For instance, collect a broken electronic device while delivering a new one or after terminating a Phone + TV contract, collect the suppliers’ box and other contracted materials.

Main impact: new source of revenue with marginal increase in riders’ costs

KPIs: #of orders, % of rides that contain B2B services, average transaction value