MANAGEMENT CONSULTING

RAPIDO'S EXPANSION INTO FOOD DELIVERY

SUBMITTED BY,
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THE PROBLEM: BROKEN FOOD DELIVERY ECONOMICS & MARKET SATURATION

India's ₹8B food delivery market faces structural challenges limiting growth and profitability

01 Market Saturation in Tier 1 Cities

- Zomato + Swiggy control 95% market share
- Post-pandemic growth plateaued in metros
- Tier 1 markets overcrowded - push toward Tier 2/3

02 Restaurant Profitability Crisis

- After 25%+ commissions & delivery fees, margins drop to 8–12%
- Hidden platform charges reduce trust
- Restaurants seek transparent, predictable pricing

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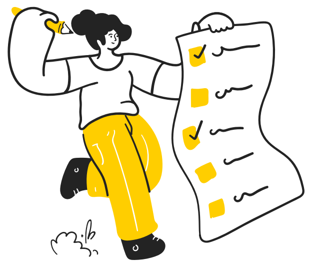
03 Unsustainable Customer Acquisition Costs

- CAC up to ₹1,200; 40% user switching rate
- Monthly cash burn ₹40-45 Cr typical for players
- Discount-led growth → negative unit economics



04 Price-Sensitive Customer Behavior

- 60% choose cheaper, transparent platforms
- 40% switch platforms for better discounts
- Loyalty fragile; retention costs remain high

THE OPPORTUNITY: Rapido can disrupt with cost-efficient, transparent model leveraging existing 30M+ users and 4M+ bike fleet to capture underserved Tier 2/3 markets

Market Analysis

Market Overview

- ₹8B+ food delivery market, 8.1% CAGR through 2028
- Quick commerce growing 15-20% annually
- Tier 2/3 cities: 3-4x higher growth than metros
- 600M+ active mobile users, 94% restaurants plan non-metro expansion
- Commercial rents 90% lower in Tier 2 (₹180-200 vs ₹1,800+/sq ft)

Competitive Advantage

Rapido's **8-15% fixed commission** creates higher margin advantage for restaurants. Existing **30M+ users + 4M bike fleet** enable rapid, capital-efficient rollout without heavy capex. Incumbents face margin pressure but maintain **5-7 year tech + brand moat**.

Metric	Zomato	Swiggy	Rapido
Commission Rate	18-30%	16-30%	8-15% (fixed)
Cities & Scale	500+ cities	400+ cities	100+ (Tier 2/3 focus)
Daily Order Volume	2.5M	2.0M	3.5M rides + pilot food
Fleet Model	Aggregated + owned	Aggregated + dark stores	Bike fleet cross-utilization (70%+)
Quick Commerce GOV	Blinkit: ₹6,132 Cr	Instamart: ₹3,382 Cr	NA
Profitability (FY24-25)	₹527 Cr PAT (profitable)	-₹1,081 Cr (Q4 FY25)	-₹371 Cr (45% loss reduction YoY)

STRATEGIC POSITION: RAPIDO'S EDGE VS. EXECUTION RISKS

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STRATEGIC EDGE

01 Cost-Disruptive Model
- 8–15% fixed commission (vs 18–30%) → +300 bps restaurant margin
- Transparent pricing, no hidden fees → higher trust, lower churn

02 Fleet Integration & Efficiency
- Leverages idle bikes → 70%+ fleet utilization
- 25–35% lower per-order cost; ≤15-min delivery speed

03 Cross-User Leverage
- 30M+ existing users = ready audience for food orders
- 40–50% lower CAC via integrated Ride + Food app
- Subscription bundles improve retention (lower churn rate)

EXECUTION RISKS

01 Cash Burn & Profitability
- Risk: High initial burn (₹40–45 Cr/month)
- Mitigation: Tier 2/3 focus, unit economics discipline, pilot-first scaling

02 Incumbent Retaliation
- Risk: Price wars by Zomato/Swiggy
- Mitigation: Build Tier 2/3 micro-networks, exclusive restaurant partnerships

03 Operational Scalability
- Risk: Tech & fleet strain during expansion
- Mitigation: AI-based automation, local partnerships, phased rollout

VALUE PROPOSITION

Restaurants	Higher margins, no hidden fees, predictable pricing
Captains	Higher utilization (70%+), subscription model income
Customers	≤15-min delivery, transparent pricing, no platform fees
Rapido (Business)	Leverages existing infra, 4M fleet, 30M users; faster breakeven

Strategic Analysis: Business Model & Structural Attractiveness

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PORTER'S FIVE FORCES

01 Threat of New Entrants

MODERATE

₹500+ Cr barrier. ONDC pathway. Tech moat protects.
Implication: High risk manageable with differentiation

02 Supplier (Restaurant) Power

MODERATE

80% dependent, 25%+ frustrated. Rapido 8-15% attractive.
Alternatives lack scale.
Implication: Attract frustrated with transparent pricing

03 Buyer (Customer) Power

HIGH

300M+ users, 40%+ switching. Price-driven.
Loyalty- costly 20-30%.
Implication: Target price-conscious value bundles

04 Threat of Substitutes

MODERATE

Kirana D2C apps ONDC. 15-20% shift risk.
Tech advantage defensible.
Implication: Maintain speed tech superiority

05 Competitive Rivalry

VERY HIGH

Duopoly 95%. Tech brand capital depth.
Retaliation price wars. Margin compression.
Implication: Build Tier 2/3 micro-networks fast

BUSINESS MODEL CANVAS

Revenue Streams
- Flat delivery fee of ₹25–₹50 per order
- Subscription bundles (Ride + Food)
- Ads & brand partnerships

Cost Structure
- Low CAC ₹200–₹250 (ap. 50% below industry)
- 70%+ fleet utilization via cross-deployment
- Predictable driver incentives

Key Resources
- 4M+ bike captains | 30M+ users | 30+ cities
- Asset-light, AI-driven operations

Customer Segments
- Price-sensitive users (18–35 yrs)
- Tier 2/3 city customers & local restaurants

Value Proposition
- ≤15-min delivery | 8–15% commission (vs 25%+)
- Transparent, no hidden fees | Integrated app

Pricing Strategy
- Flat ₹25 for orders ₹400 and ₹50 for above
- Affordable menus & zero platform surcharge

Execution Roadmap: Phased GTM Strategy

Implementation Timeline	Geography	Restaurant Partners	Order Target	Operations	Budget
PHASE 1 Pilot & Validation (Q4 2025 - Q1 2026)	Bengaluru + 5 Tier 2 cities (Pune, Ahmedabad, Indore, Jaipur, Lucknow)	500 onboarded Affordability mandate: ≥4 dishes <₹150/restaurant	10,000 daily orders (food + rides combined)	≤15 min delivery time consistency	₹50 Cr investment
PHASE 2 Scale & Optimize (Q2-Q3 2026)	Expand to 50 cities across Tier 2/3 clusters	5,000+ partners + Cross-sell to 5M+ existing ride users	1M daily orders Fleet utilization target 70%+	Transparent pricing rollout + Captain multi-task app integration	₹200 Cr investment
PHASE 3 Profitability Path (Q4 2026 - Q1 2027)	300+ cities operational, 15% market share in Tier 2/3	15,000+ partners Direct marketing partnerships	15M monthly orders 8M+ monthly active users (food)	Gross margin target 45-50%	₹300 Cr investment. Monthly burn target ₹20-30 Cr

SUCCESS METRICS

- <20% customer churn
- 15% Tier 2/3 market share
- 70%+ fleet utilization
- Break-even in 18-24 months

Pricing Strategy

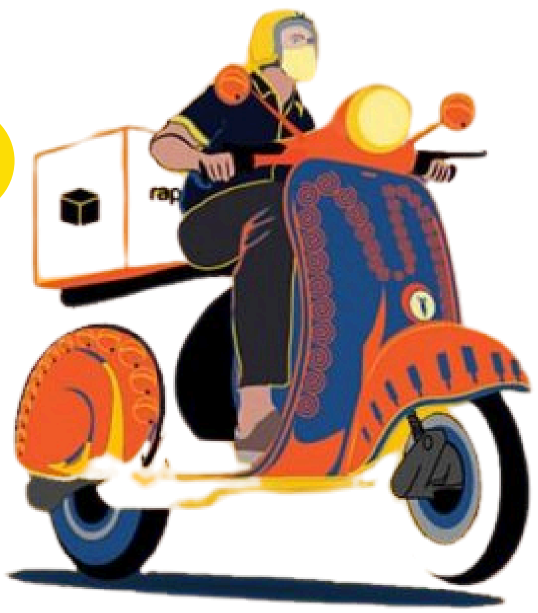
CONSULTING ENGAGEMENT PROPOSAL

Phase	Duration	Focus Areas	Fees (₹ Cr)
Phase 1 - Strategic Assessment	4 weeks	Market sizing, unit economics, competitive analysis	0.4
Phase 2 - GTM Strategy	4 weeks	Positioning, pricing, Tier 2/3 city playbooks	0.45
Phase 3 - Operational Design	4 weeks	Fleet & tech integration, quality framework	0.5
Phase 4 - Pilot Planning	4 weeks	KPI dashboards, risk playbook, launch roadmap	0.35
Phase 5 - Launch Support	8 weeks	On-ground validation, performance tracking	0.3
Total Professional Fees	**24 weeks**	Strategy → Pilot Execution	**₹2.0 Cr**
Out-of-Pocket Expenses	–	Travel, data, research licenses	**₹0.3 Cr**
Total Engagement Investment	–	–	**₹2.3 Cr**

VALUE JUSTIFICATION

Total Estimated Value: ₹800-1,000 Cr
ROI: 10-20x | Payback: <9 months

THANK YOU



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