Promotion Activation Is the #1 Growth Lever for New Vertical Merchants

DOORDASH

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WHY THIS MATTERS NOW

DoorDash new verticals grew **25% YoY** in Q3 2025 (vs. Instacart +10%). But platform growth masks a merchant-level problem: most new-vertical merchants stall in the activation funnel: they onboard but never activate promotions, expand delivery radius, or complete their menu. The levers that actually convert onboarded merchants into high-growth merchants aren't visible in top-line metrics.

KEY FINDING

Merchants who activate promotions are **2.2x more likely** to become high-growth (OR=2.21, p<0.001, 95% CI [1.92, 2.54]).

Early adopters (0–30 days) reach **52.3%** high-growth rates vs. **39.6%** for late adopters. Yet **80%** of the intervention pool hasn't activated a single promotion.

| 2.21x	1,452	$108M	79.7%
Promo Activation Odds Ratio	ACTIVATE Segment Merchants	Annual GMV at Stake	CUPED Variance Reduction
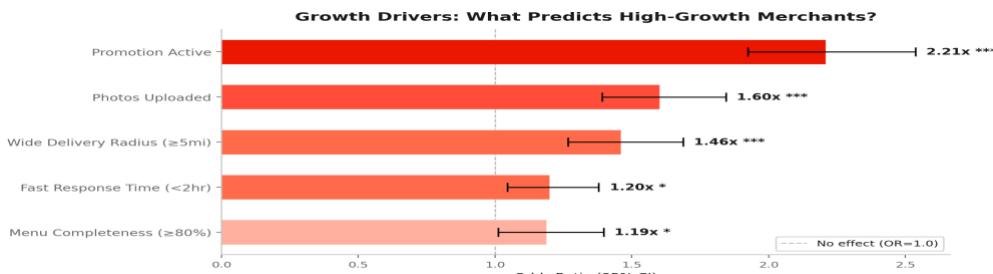
GROWTH DRIVERS

Growth Drivers: What Predicts High-Growth Merchants?
- Promotion Active — 2.21x ***
- Photos Uploaded — 1.60x ***
- Wide Delivery Radius (≥5mi) — 1.46x ***
- Fast Response Time (<2hr) — 1.20x *
- Menu Completeness (≥80%) — 1.19x *
- - - - No effect (OR=1.0)
Odds Ratio (95% CI)
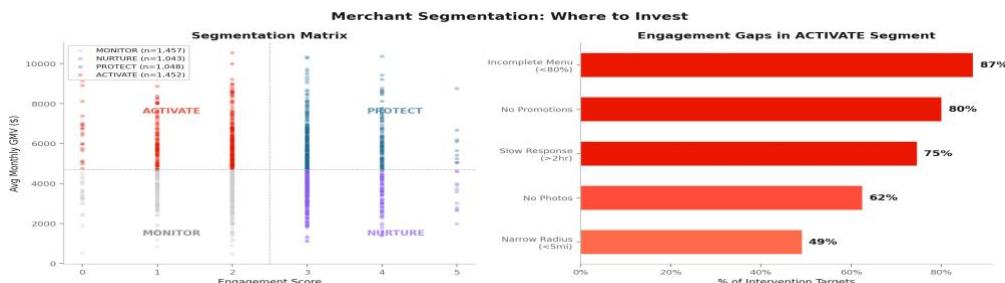
0.633
AUC-ROC
3/5
Bonferroni Sig.
+18.5%
Causal ATE

SEGMENTATION & OPPORTUNITY

Merchant Segmentation: Where to Invest

Segmentation Matrix — MONITOR (n=1,457), NURTURE (n=1,043), PROTECT (n=1,048), ACTIVATE (n=1,452); Avg Monthly GMV ($) vs Engagement Score. Quadrants: ACTIVATE, PROTECT, MONITOR, NURTURE.

Engagement Gaps in ACTIVATE Segment (% of Intervention Targets):
- Incomplete Menu (<80%) — 87%
- No Promotions — 80%
- Slow Response (>2hr) — 75%
- No Photos — 62%
- Narrow Radius (<5mi) — 49%

ACTIVATE segment: 1,452 merchants with high GMV potential but low engagement. 80% lack active promotions, which is the single highest-impact lever.

Validated via ANOVA (F=2,850, p<0.001, eta^2=0.631).

Intervention pool: 970 non-high-growth ACTIVATE merchants representing $71.7M annual GMV.

Methodology: Logistic Regression (driver identification) · Cohort Analysis (5 promotion-timing cohorts, χ^2<0.001) · Time Series (GMV trajectories by cohort) · Hypothesis Testing (Bonferroni-corrected, 3/5 survive at α=0.01) · A/B Experiment Design (CUPED variance reduction) · ETL Pipeline (Medallion Bronze/Silver/Gold) · Funnel Analysis (onboard → activate → expand → grow) · User Segmentation (2×2 GMV × Engagement)

RECOMMENDATIONS

1
Promo as Day-1 Milestone
Make promotion setup part of onboarding: early adopters hit 52.3% high-growth vs. 39.6% for late adopters. Biggest single lever.

2
Expand Default Radius
Switch the default from 3mi to 5mi. Wide radius correlates with 1.40x growth odds and no quality degradation; low-cost, high-upside.

3
A/B Test Before Scaling
Run on the 970-merchant ACTIVATE pool, 90 days, CUPED-adjusted. Simulated outcome: SHIP (p<0.001, +$600/mo per merchant).

4
AI Growth Playbooks
RAG system (ChromaDB + DSPy) that generates personalized merchant action plans. Extends MSM coverage 10x without adding heads.

WHAT I'D DO WITH REAL DATA

Survival Analysis: Cox proportional hazards on real tenure data. When do merchants churn, and how much retention value does each engagement lever buy?

Difference-in-Differences: Natural policy rollouts (onboarding flow changes, radius defaults) across markets give us causal estimates without needing a new experiment.

Heterogeneous Treatment Effects: Causal forest on promo impact by vertical. Promo lift could be 3x in convenience but only 1.5x in grocery; the intervention mix should reflect that.