

Market Size

\$3.35B
in 2024

CAGR

24.33%
(2024-29)

User Penetration

1.8% → **4%***
(2024) (2029)

*Projected to Rise to **4% by 2029** with **60.6m users**

Zepto's Statistics

16m **Tier 1 Cities**
MAU Functional Areas

₹2,024 Cr **₹430**
Revenue(2023) AOV

Actors Involved

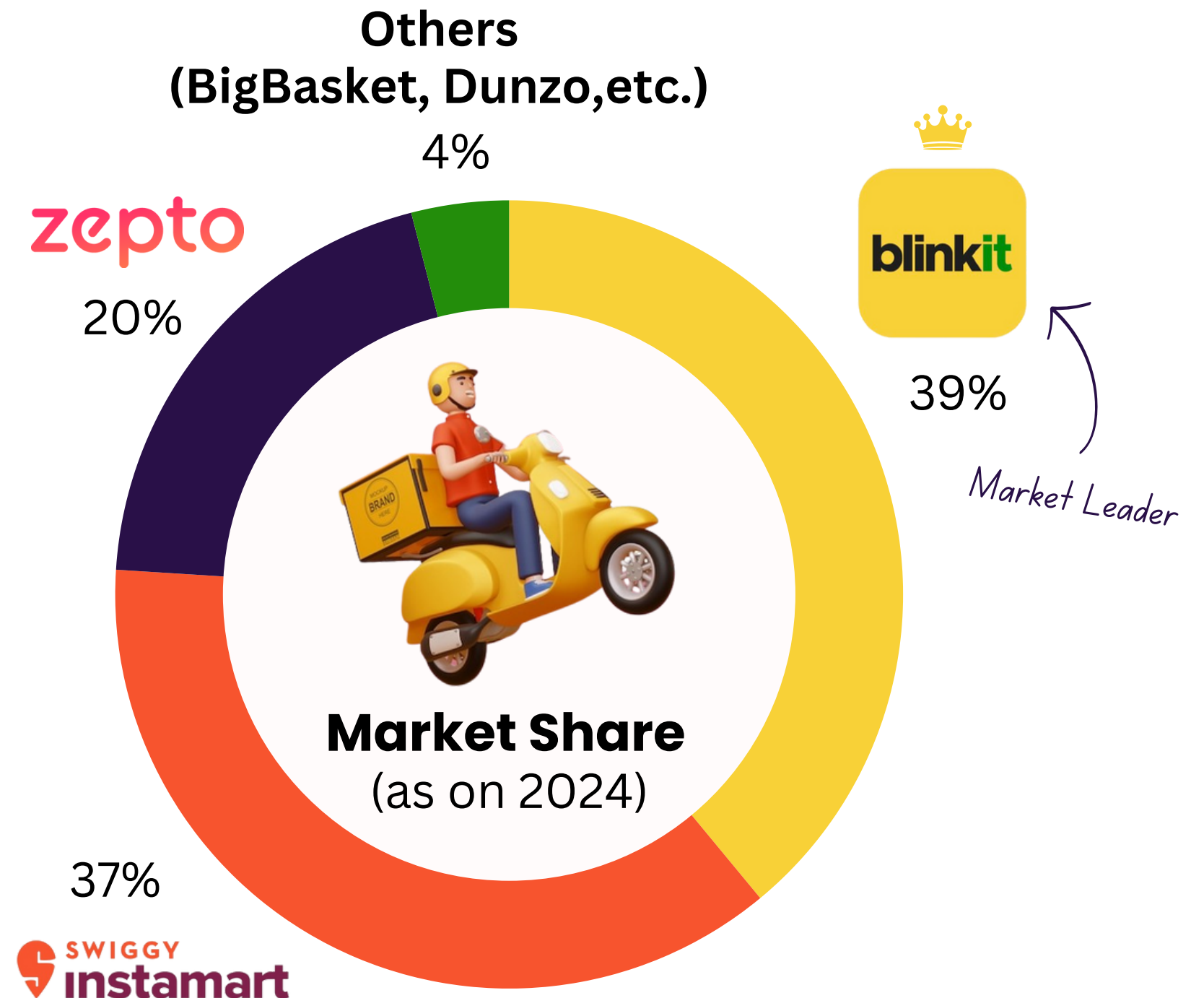
- Dark Stores /Grocers/ Local Shops
- Delivery Partners
- Aggregator (Platform)
- User ordering

Revenue Streams

- Subscription fees from Zepto Pass
- Platform fee (Including delivery, handling small cart & late charges)
- Sponsored Products
- Commission

Source: Finshots, Statista

Market Landscape

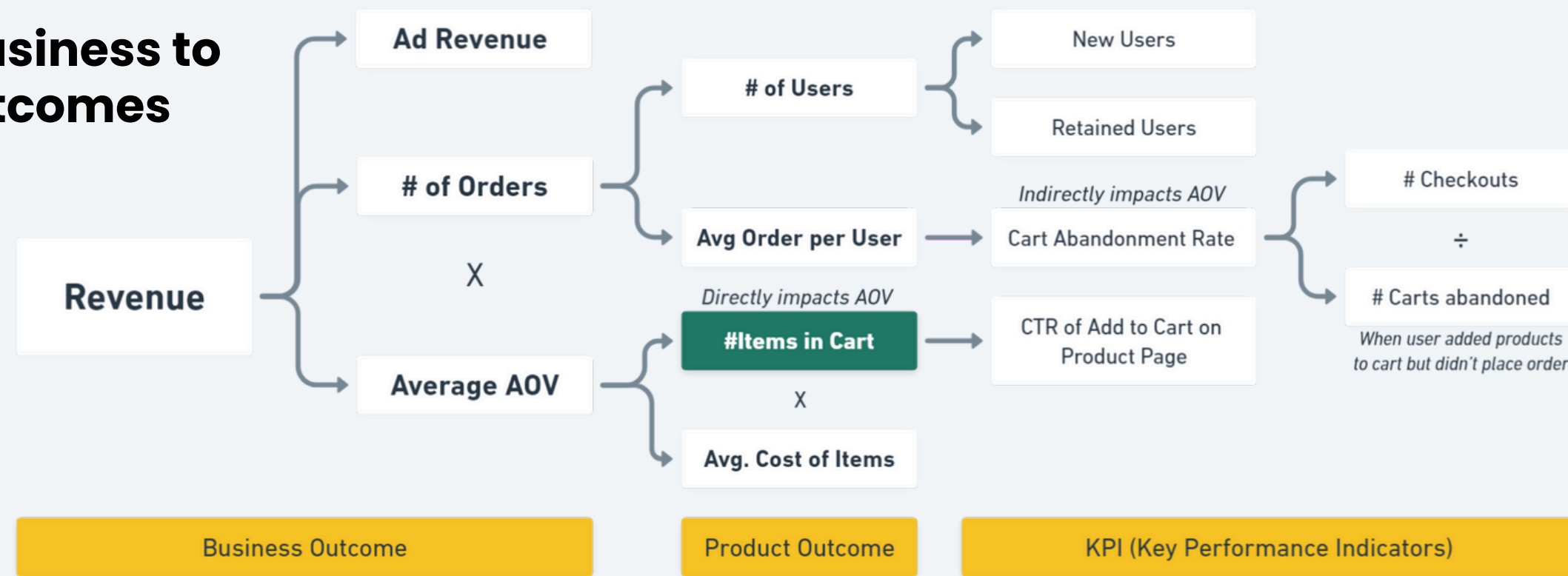


Purpose

The purpose of this document is to propose possible solutions to increase the AOV of Zepto to bring in better unit economics.

Mapping Business to Product Outcomes

Green box denote product outcomes to concentrate on



View in Whimsical

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The above KPI tree is limited to the Scope of the problem i.e., Increase AOV, and thus descope other things such as number of orders, checkouts, conversion(successful purchase) etc.

Why AOV Matters?

A higher Average Order Value (AOV) will reduce Zepto's operational costs and improve profitability. AOV directly impacts Zepto's revenue & bottom-line growth.

AOV depends on 2 things - Avg cost of items in cart (which is a constraint beyond our control) and Number of items added in the cart.

User Research Canvas

Research Context

To understand & increase the AOV

Research Objective

To identify factors affecting AOV in quick commerce industry

Hypotheses

Users spend more time finding products which leads them to order only critical products

Existing Evidence

- Play store review
- Research Reports

Target Audience

Tier 1 City users of Quick Commerce

Methodology

Personal Interview, Usability Testing, Surveys

Scope +

Increase the # of Items added to cart by users to increase AOV as it directly impacts it

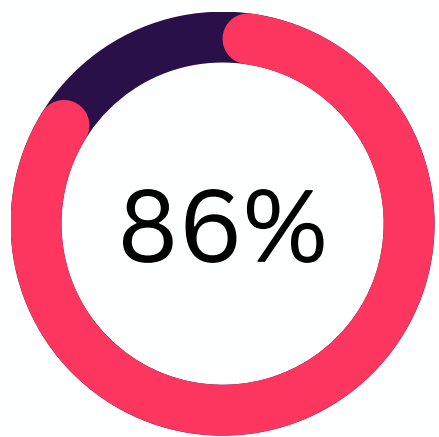
Descope -

Average cost of items - As it is an intuitive factor & we are already offering prices according to the best industry standard

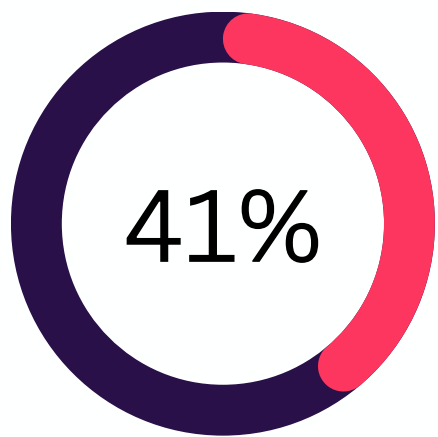
Insights from User Research *Based on 36 Participants*

Here, Evaluative Research has been done to build the product right

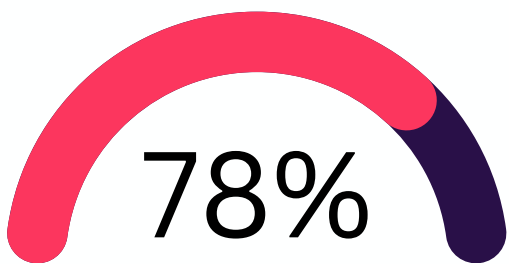
What users check for in an app while ordering?



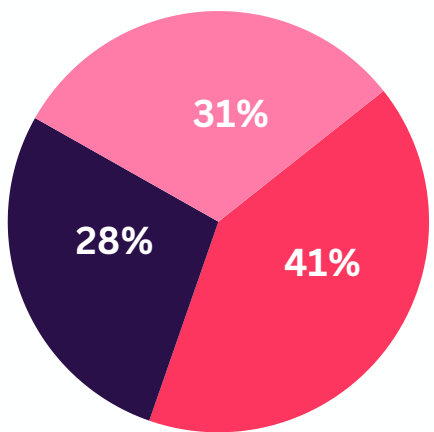
86% Users seek Quick delivery



41% Users seek Variety & Availability



78% Users add more items in cart if they receive discount on bulk order



- Availability of Preferred Product
- Delivery Charge
- Delivery Time

Delivery charge, followed by Delivery time, is user's biggest deciding factor while ordering

There are measures that Zepto already takes to reduce Delivery charges for users, thus it'll not be immediate focus area here as part of our problem statement.

[View Survey](#)

Based on the User Survey we've decided to pursue Bundled deals as the most obvious area of opportunity.



What do users order?



Snacks (Chips, Biscuits, Soft Drink, Ice cream) are the **most ordered** category followed by Packaged Food (Premix, Noodles)

What will make users add more items in cart?



Note: Usability testing was also done to see user journey and why they do what they do

User Persona



Aditya Chugh
22 years

Lives in Noida & works in Ed-tech Startup

Interests:

- Munching snacks
- Trying new food
- Coffee

Characteristics:

- Tech Savvy
- Busy Schedule
- Wants quick deliveries
- Very Active on Social Media

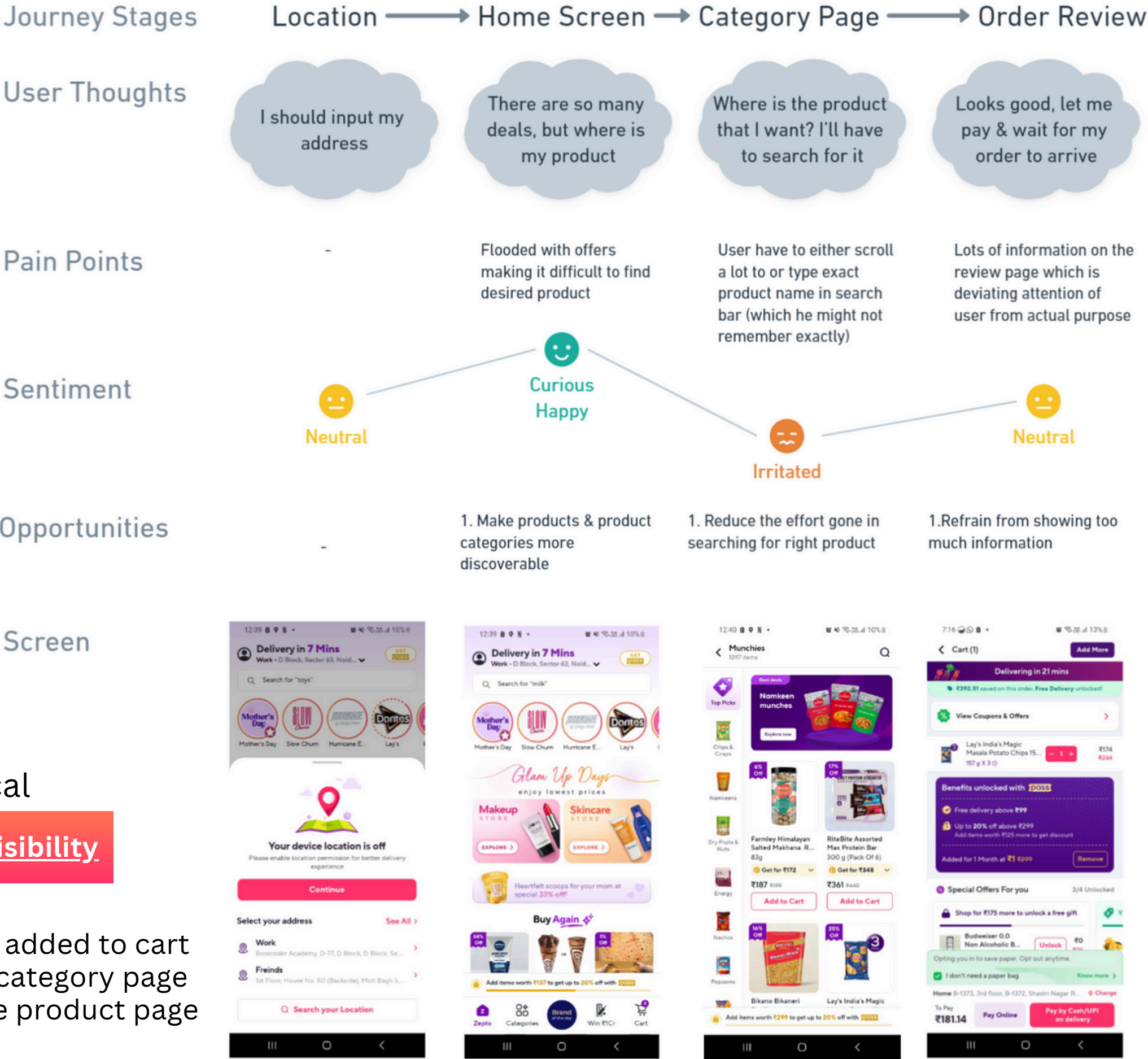
Motivation to use Zepto:

- Last minute needs
- Impulse purchases
- Variety of Options

Challenges Faced:

- Can't find right item
- Out-of-stock items

Current User Journey Map



View in Whimsical

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Assumption: User added to cart directly from the category page without visiting the product page

After conducting relevant Primary research (Surveys, Usability Testing & Personal Interviews) & Secondary Research (Reviews on Playstore or Appstore) we have the following **observations** that fit our scope to increase # of Items added to cart



User Pain points (PP)

- Users are unable to find the right product they would like to have **(PP1)**
- Users spend a lot of time scrolling **(PP2)**
- Users are unable to find variants of same product **(PP3)**
- Out of Stock Items **(PP4)**



User Needs

- Bundled Products (Eg. Bread + Butter/Jam + Milk)
- Disclosure of Delivery time upfront
- Filters on the Product Listing Page (Eg. Brand, Gluten-free, Allergens information, Quantity)
- Ratings of Products

Problem Framing Canvas

***Assumption:**
Problems faced by survey respondents are the problems faced by majority of Zepto users

What is the True Problem?

In what ways might I
reduce **(action)**
time spent on finding right products **(object)**
after opening the app **(qualifier)**
so people will add more items to cart **(end result)?**



Who is facing Problem?

All Zepto users

What is Value Generated by solving this problem?

For Customers

↑ Satisfaction
↓ Delivery Cost
Better Experience
Improved Accessibility

For Business

↓ Operational Cost
↑ Profitability
↑ ARPU
↑ AOV

How do we know it is a Real Problem?

Users are opening the app but not adding to cart because they are **not finding the right product** that they desire.

Why solve this problem now?

With a **CAGR of 24%**, Quick commerce is the next big thing in the Indian market due to increasing smartphone penetration. This indicates **GOV is expected to grow** & increasing AOV will improve revenue & profitability.

Proposed Solutions <i>Features</i>	Demand <i>Does User need it? Is it a solving pain point?</i>	Opportunity Size <i>Which Users will benefit from it?</i>	Competitors <i>Is any rival doing this?</i>	Adoption <i>How likely are users to use this feature regularly?</i>	Impact with Reason <i>What Impact will it deliver?</i>	Priority	
Search Refinements (Filters)	Yes (PP1, PP2, PP3)	All Zepto Users	Blinkit, BigBasket, Instamart.	Very Likely	High - Every q-comm has this section. This will reduce the effort of finding items.	V1	★
Showcase Ratings of Product	Few Users need it	Users who've quality concerns	BigBasket.	Likely	Medium - Users will be influenced to try new products with higher ratings	V2	
Showcase delivery time of each products upfront	Yes	Some Users	Blinkit.	Very Likely	Medium - It'll cater to small set of users	V1	
Bundles of Items bought together (Eg. Bread+Milk+Jam) based on user preference	Yes (PP2)	Frequent users	N/A	Likely	High - It'll reduce effort of adding individual items to cart & directly impact order size	V2	★
Zepto Mini: Reel-like interface for UGC. Allow items shown in the Reel to be bought together. <i>(Reference: Myntra Minis)</i>	No	N/A	N/A	Less Likely	Medium - It'll generate intent to purchase, Increase user engagement but adoption might be low	V3	
Send notification if a frequently ordered item is running out of stock	Yes (PP4)	Frequent users	N/A	Likely	Medium - Users will be aware of the item's availability & can make a well-informed decision	V1	
Collaborative shopping: Share your cart with others so that they can also add to in case of group order	Yes (PP1)	Frequent users	N/A	Less Likely	Low - Users might not find partner to use this feature with	V2	

*Assumption: Infinite Tech Bandwidth, ie. Development Effort = N/A

*PP: Pain Point (As mentioned in Page 4)

Wireframe of Solution

Chosen Solution

Combos would show up on home screen in the 1st fold for higher discoverability with pre-selected quantities of frequently paired items, saving user's time and taps. This would work on ML recommendations based on user's past search history and basic logic (eg. bread paired up with better). Users can also create combo are per their preference, name them and save it for future orders.

Searching for basic items like "milk" on Zepto can lead to overwhelming results. Search filters will allow users to refine their searches and find the exact product they need quickly and easily. Users can filter based on Brand, Size (Eg. 1kg, 100ml, etc.), Price of the product, and preference (Eg. Gluten free, low fat, etc.). With filters, products of the same characteristics/brand will appear together so the user can add multiple items in one go. The filters will vary among different categories based on products. For eg. for snacks options can be Vegan, dairy free, etc., for haircare it can be anti-dandruff, Ayurvedic, etc., and so on. This will enable users to find products faster with fewer irrelevant results leading to less time spent in searching & more time in ordering.

New User Flow

- 1 Enter/Select Address
- 2 Home Screen - Select Recommended Combo / Create New Combo / Select Individual Category
- 3
 - 3a Let user add products for their combo
 - 3b Users can add premade combo with pre-selected quantity & items directly to the cart
 - 3c Users can select products from a range of relevant filters
- 4
 - 4a Pop-up to enter the name of Combo & Create it.
 - 4b Proceed to Cart
 - 4c Choose specifications from the filters.
- 5 Order Review page & Payment afterwards

View in Whimsical

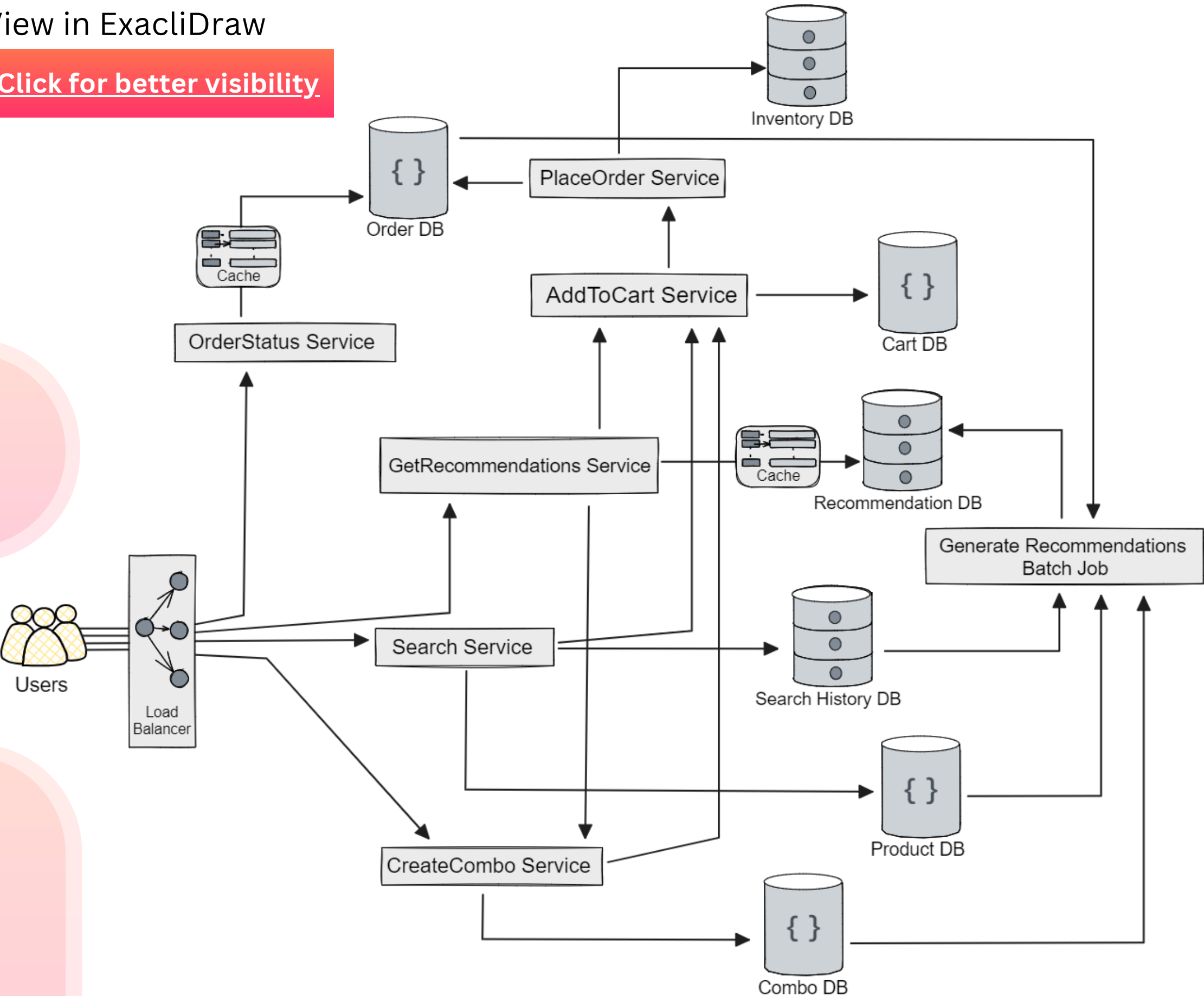
Click for better visibility.



High Level System Design of Solution

View in ExacliDraw

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Possible Pitfalls/Risk + Mitigation *(Why it might fail?)*

Pitfalls

Users can find it difficult to create combo

Too many Filters can lead users to decision fatigue

One or more items of Combos are Out-of-stock

Less adoption rate of combos feature

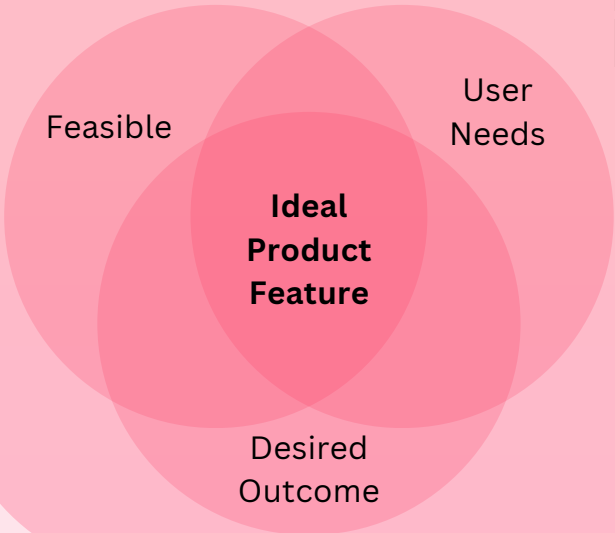
Mitigation

Step-by-step guide on how to create combo

Limit number of filters to only important ones

Order without that item & notify when it is back in stock

Focus on marketing the discount & convenience user gets with a combo



Metrics to Tracks

North Star Metric Average Order Value= #Items in Cart/Avg. Price of items in cart

Type	Metric	Goal
<i>For Combo Feature</i>		
Acquisition	# Combos created ↑	To verify user ability to initiate feature use <i>Can be misleading if #combos created is high but users are not buying</i>
Adoption	CTR of “Add to Cart” button from Combos pages ↑	To check if users are actually making purchases with combos
Retention	% Repeat Combo Orders ↑	To assess user’s commitment to the feature
Revenue	Avg. Order Value of Combos created ↑	To verify the potential monetary or business impact of feature
Other	Cart Completion rate (% of successful checkouts) ↑	To validate and realise actual profitability surge
<i>For Filters Feature</i>		
Acquisition	Filter Usage rate (% of users clicking Filters) ↑	To verify user ability to initiate feature use
Adoption	“Add to Carts” with filters applied ↑	To check if users are actually making purchases with combos
Other	Time spent on search page ↓	To verify success of intended aim of reducing search time

Tradeoffs

- ↓ **Avg. Time per user session:** Users will now be able to find products quickly, thus time spent searching for product in the app will reduce.
- ↓ **Order Frequency:** Users will now order more products in one order with a greater AOV, which will reduce the number of orders per user as users are ordering items together rather than individually.
- ↓ **Sale of Individual products:** As users will order products from combo, the sale from individual product pages can see a drop.

What’s Next? **How does the future features looks like?**

For V2 and subsequent versions, we will allow users to add variants of the product from the same product page. For eg., When you are on the product page of Blue lays chips, but you want to select green lays as well. So you can select green lays from blue lays’ product page with a simple dropdown menu for variants without browsing for that variant again!

Another future endeavor will be to notify users beforehand when a product ordered by them earlier is short on inventory, so that they can purchase it before it goes out of stock.

