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PRODUCT MANAGEMENT · ASSIGNMENT

INCREASING AOV AT ZEPTO · ASSIGNMENT

Zepto: Growing Basket Size Without Losing Frequency

Zepto gets ordered from more often than any competitor in India, and earns less on every order. This assignment is about closing that gap honestly.

THE QUESTION THIS ASSIGNMENT ANSWERS

Can a customer who already trusts Zepto several times a week be helped to buy more in one visit, without being pushed into it?

CURRENT

₹388

average order value

TARGET

₹480

in six months

CONSTRAINT

Frequency

must not fall

THE ASSIGNMENT

My Task as PM at Zepto

As the Product Manager responsible for basket size, my goal is to raise **Average Order Value (AOV)** from ₹388 to ₹480 in six months, while protecting the order frequency that is Zepto's biggest strength.

What I was asked to solve

Orders are growing strongly, but the average basket stays small. Many users:

- Place **small, urgency-driven orders**
- **Stop adding items** once they reach the free-delivery threshold
- **Reorder familiar items** without exploring new categories

Why it matters

₹388

Zepto AOV, flat for three years: the lowest of the major players

₹40–80

Delivery cost per order, eating 10–20% of a ₹388 basket

₹78.75

EBITDA loss per order in FY26 (₹59.40 in the March 2026 quarter)

Rules I followed

- Protect order frequency, never trade it for basket size
- No raised minimum order values; small orders stay welcome
- No reliance on discounts, coupons or delivery thresholds
- No dark patterns, false urgency or hard-to-remove items
- Must fit an order completed in under two minutes
- Clear line between sponsored placement and genuine recommendation

HOW THIS ASSIGNMENT IS STRUCTURED

01**User Research & Segmentation**

Survey · industry · segments

02**Blockers & Core Problem**

4 blockers · root cause · 5 Whys

03**Solutions to Increase AOV**

3 fixes at 3 moments

04**Prioritization with RICE**

Scores · roadmap · KPIs

PART 1 · USER RESEARCH & SEGMENTATION

Primary Research: What Users Told Me

I surveyed **10 active Zepto users** about their recent orders: what they bought, when they stopped adding items, and whether they explore beyond what they came for. This is a directional sample, used to form hypotheses rather than prove them.

90%

of baskets fall in the ₹200–499 band

60%of orders contain just **1–3 items****70%****stop adding** once free delivery is reached**0%****actively explore** new categories**What surprised me**

50% said they would add an item if Zepto suggested something genuinely relevant to their cart, or offered a bundle. They are not discount hunters; they respond to useful nudges.

What it tells me

The basket is not small because users can't afford more. It is small because the app helps them finish fast and never shows them what else they might need.

TAKEAWAY

Small, fast, threshold-capped baskets are the norm, and users are open to adding more when the suggestion actually fits.

Research questions I used

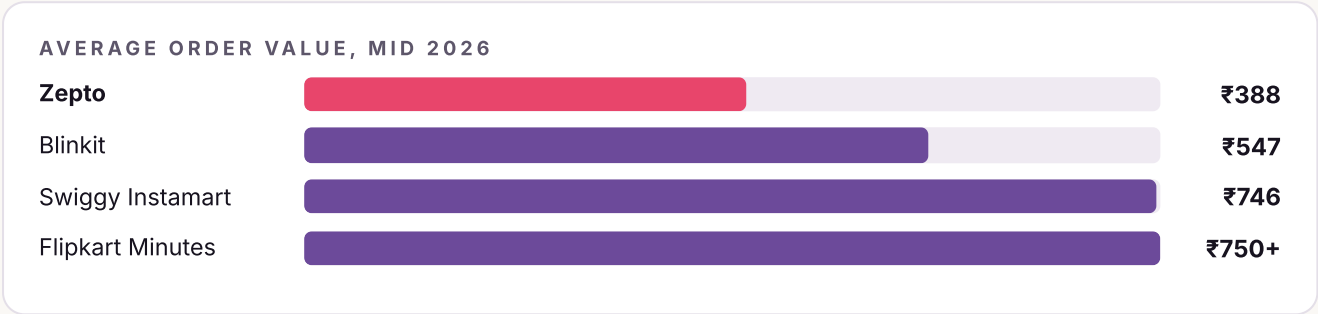
- Walk me through your last Zepto order: what did you buy and why then?
- Roughly how much was the basket, and how many items?
- Did you add anything just to reach free delivery? What?
- Was there something you nearly bought but didn't? What stopped you?
- Do you ever browse categories you haven't bought from before?
- Would a suggestion based on what's in your cart make you add more?

Next step: extend to 20+ interviews covering both high-frequency small-basket users and customers who do larger grocery shops elsewhere.

PART 1 · USER RESEARCH & SEGMENTATION

Secondary Research: The Industry Mirrors My Data

Market data points the same way as my survey. Zepto leads the category on how often people order, and trails on how much they spend each time.



What the market tells us, and how it matches my survey

Market insight	Matches my finding
Quick commerce is built for "top-up," not "stock-up": urgent orders of 2–3 items	60% of orders have just 1–3 items
Zepto uses a free-delivery threshold to lift order value	70% stop adding once they reach it
~58% of consumers add items just to cross delivery thresholds	The threshold works as a ceiling, not a floor
Delivery costs ₹40–80 per order, 10–20% of a ₹388 basket	Every small order carries almost the full delivery cost

How competitors build bigger baskets, and what they give up

Player	How they grew basket size	What it cost them
Swiggy Instamart	AOV rose ~₹460 → ₹691, partly by focusing on high spenders	Churned low-value users. Closed to Zepto: it would remove its most frequent customers
Flipkart Minutes	Prioritised basket value over store count from day one	Slower network expansion
Blinkit	Broadly flat basket, adjusted EBITDA positive in H2 FY26	Profit came from scale, not basket growth

This isn't a Zepto bug. It's how quick commerce works today, which means it can be solved by design.

PART 1 · USER RESEARCH & SEGMENTATION

Four Ways People Shop on Zepto

Grouping survey responses by behaviour gave four clear segments, which map onto common shopper archetypes: Utilitarian, Pleasure Seeker, Planned Shopper and Deal Seeker.

Urgency Grabbers**40%**

LOW AOV

Ran out of something, search, checkout in minutes. Tiny baskets, no browsing, reorder familiar items.

Impulse Snackers**20%**

LOW AOV

Late-night or craving orders. Small baskets, but react strongly to relevant prompts at checkout.

Planned Top-Uppers**30%**

HEALTHY

Routine restock, browse several categories, larger 4–7 item baskets. The behaviour we want to grow.

Deal-Driven**10%**

MINOR

Open the app mainly for offers. Smallest group; my sample shows low dependence on discounts overall.

Who drives low AOV, and where the opening is

60% of users are structurally small-basket: Urgency Grabbers (40%) + Impulse Snackers (20%)

- They don't browse, so **product discovery never happens** (0% explore new categories).
- They stop at the free-delivery threshold: it acts as a **ceiling, not a floor**.
- **Planned Top-Uppers (30%)** prove bigger baskets already happen inside the same app.

Bridge insight

These users aren't deal hunters; they respond to useful nudges. **50%** would add items for a relevant bundle or suggestion, not a discount. That makes basket growth possible without hurting margin.

PART 2 · IDENTIFY BLOCKERS & FRAME THE CORE PROBLEM

Where Basket Building Stops

I mapped a typical order from app open to checkout. Basket building stops at three points, highlighted below.

Open app Knows the one item they need	Search Literal results, no related items	Add to cart Target item added	Cart Generic bestseller suggestions	Threshold hit "Free delivery unlocked" = done	Pay Order placed in ~2 min
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Four blockers to basket growth

PSYCHOLOGICAL

1. Free-delivery threshold is a finish line

The ₹99 mark turns the goal into "unlock free delivery," not "complete my shop." 70% stop once they hit it, and 60% pad the cart with filler.

STRUCTURAL

2. Generic, non-contextual cross-sell

The cart pushes site-wide bestsellers (a loose onion, batteries), not items that match the cart: "add ₹50 for free delivery" instead of "you're missing the garlic bread."

EXPERIENTIAL

3. Search is a literal index, not a bundle

Searching "tortilla chips" never surfaces salsa or dip. By the time users reach the cart, the cooking or snacking context is lost.

BEHAVIOURAL

4. Single-mission urgency

60% order just 1–3 items: open, grab one known thing, check out. The mission is complete after one item, with no shopping mindset to expand it.

Two kinds of customers

Don't want more

Genuinely need one or two items. **They should never feel penalised**, and the experience should stay as fast as today.

Want more, but don't add it

Would buy the matching item if they saw it at the right moment. **This is the AOV opportunity**, and where every solution focuses.

PART 2 · IDENTIFY BLOCKERS & FRAME THE CORE PROBLEM

Two Problems to Solve

PS1 · THE COMPLETED-MISSION CEILING

Covers blockers 1 + 4

USERS CURRENTLY

treat Zepto as a single-item tool and stop the moment their need, or the free-delivery threshold, is met,

BECAUSE

the experience rewards fast search-and-checkout over discovery,

WHICH RESULTS IN

baskets capped just above the threshold, with no browsing that would grow AOV.

PS2 · THE MISSING PAIRING ENGINE

Covers blockers 2 + 3

USERS CURRENTLY

add only the item they came for, with no relevant companions shown alongside it,

BECAUSE

search and cart suggest by site-wide popularity, not by what pairs with this cart at this moment,

WHICH RESULTS IN

missed multi-item pairings that would lift item count and AOV.

The real question: can a customer who already trusts Zepto several times a week be helped to buy more in one visit, without being manipulated into it?

REFINED PROBLEM STATEMENT

Zepto has the strongest order frequency in Indian quick commerce and the weakest basket size. Its AOV has stayed near ₹388 for three years while competitors sit between ₹547 and ₹750+. The primary barrier is not price or intent: **the app is built to finish a mission fast, and never shows users the items that naturally go with what is already in their cart.**

SUCCESS TARGET · 6 MONTHS

₹388 → ₹480

Achieved **without reducing monthly order frequency per active customer**. Gains from suppressing small orders, raising minimums or losing low spenders don't count.

Real customer examples

Movie night: searched for chips, checked out with chips only, then realised there was no dip or cold drink at home.

Threshold filler: needed milk, added a random snack to reach free delivery, and stopped right there.

Examples are illustrative of patterns reported in the survey.

PART 2 · IDENTIFY BLOCKERS & FRAME THE CORE PROBLEM

Zepto's Greatest Strength Is Its Biggest Revenue Blocker

Zepto's product is optimised for **time-to-checkout**, not **share of wallet**. It treats the user as an errand runner, not a shopper.

Operational North Star Extreme speed	Product architecture Surgical search & quick checkout	User psychology The "errand runner" mindset	Consequence Free delivery = "mission accomplished"
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5 Whys: two ceilings, one root

A · THE FINANCIAL CEILING

- W1** Users stop after crossing the threshold: the session is about avoiding a fee, not shopping
- W2** The cart is gamified around a number to reach, not a need to complete
- W3** Cross-sell ranks by item popularity, not by what the cart is for
- W4** Catalogue data is built for dark-store efficiency, not shopping behaviour

B · THE BEHAVIOURAL CEILING

- W1** Users buy 1–3 items and leave once the target item is in the cart
- W2** Search and landing journeys are dead ends, a straight line to checkout
- W3** Search is a literal index built for speed; detours are assumed to cause drop-off
- W4** Success is measured on speed and conversion; basket building was never a target

SHARED ROOT CAUSE

The product is engineered, in its data and its metrics, for fast retrieval, not basket building.

The frequency trade-off

Levers I am **not** using

- Raising the minimum order value or free-delivery threshold
- Discouraging small orders or low-spending users
- Countdown timers, pre-ticked add-ons or hard-to-remove items

They would lift the average by removing Zepto's most loyal customers, and add regulatory risk.

Levers that remain

- Relevance: show what pairs with this cart
- Discovery at the right moment, without slowing checkout
- Brand-funded value that costs Zepto little margin

Every solution in Part 3 uses only these.

PART 2 · IDENTIFY BLOCKERS & FRAME THE CORE PROBLEM

Why ₹388 → ₹480 Matters

Each order costs roughly the same to deliver whatever its size. A bigger basket spreads that fixed cost over more revenue, without needing a single extra order.

+₹92

more per order needed to hit the target (+24%)

10–20%

of a ₹388 basket goes on delivery today (₹40–80)

8–17%

of a ₹480 basket: the same delivery cost spread wider

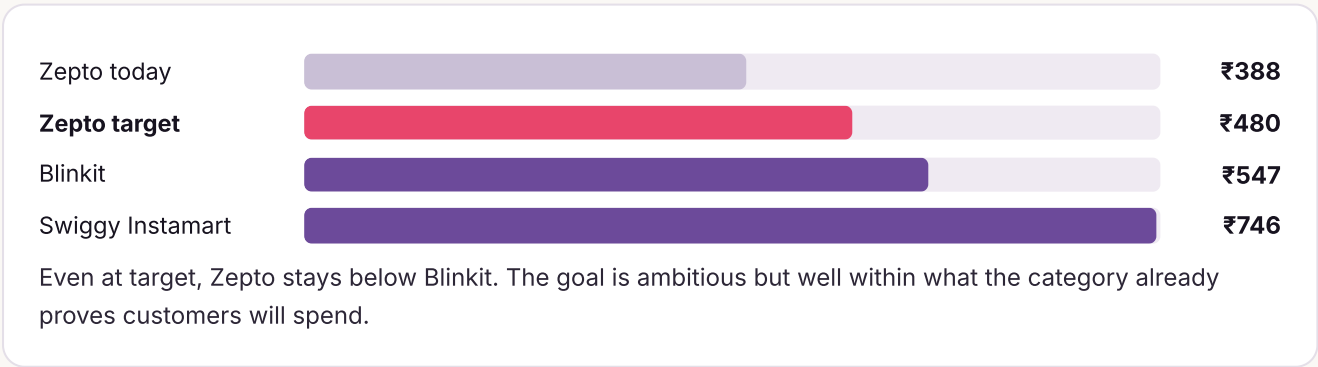
Per-order economics from the brief

Metric	Value	What it means
EBITDA loss per order, FY26	₹78.75	Every order still loses money
Same, March 2026 quarter	₹59.40	Narrowing, but not closed
Annual orders	~640 million	Small per-order gains add up at this scale
Reported runway	~16 months	Basket growth is urgent, not optional

WHY THIS IS THE RIGHT LEVER

At ~640 million orders a year, every extra rupee per order is worth roughly ₹64 crore in annual order value. Closing the ₹92 gap is one of the clearest paths to shrinking the per-order loss, while keeping the frequency habit Zepto has already won.

Is ₹480 realistic?



Order-value maths only; contribution-margin impact depends on the category mix of added items and should be modelled with pilot data.

PART 3 · PROPOSE SOLUTIONS TO INCREASE AOV

Three Fixes at Three Moments

Each solution targets one point in the journey where baskets stall, and none relies on eroding Zepto's margin or slowing down a two-minute order.

**1 · SEARCH & BROWSE
(INTENT)****AI Shopkeeper**

Fixes single-item retrieval by helping users shop by goal, not item by item.

Solves: PS2 · blockers 2 + 3

**2 · BEFORE PAYMENT
(₹200+)****Smart Deal Shelf**

Breaks the "finish line" with a short shelf of relevant, brand-funded deals.

Solves: PS1 · blocker 1

**3 · AFTER THE
THRESHOLD****Zepto Surprise Box**

Captures the final impulse with a curated add-on worth more than its price.

Solves: PS1 · blocker 1 + the discovery gap

Other ideas considered

Idea	Why it didn't make the shortlist
Recipe and occasion bundles ("Pizza night")	Folded into the AI Shopkeeper as its first use case
"Complete your usual basket" reminders	Strong for frequent users; a natural phase-2 add-on to the Shopkeeper
Higher free-delivery threshold	Rejected: punishes small orders and risks frequency
Spend-more coupons	Rejected: buys AOV with margin, against the brief
Countdown timers on deals	Rejected: false urgency, a dark-pattern risk Zepto already faces

My design principles: where the manipulation line sits

- **Relevant or silent:** suggest only what fits this cart or past orders
- **One-tap remove:** removing is always as easy as adding
- **No timers or pre-ticked items**
- **Sponsored is labelled:** paid placement is always marked
- **Respect "just one item":** fully skippable, never blocks checkout
- **Back off:** after two skips, stay quiet for that session

PART 3 · SOLUTION 1

AI Shopkeeper: Shop by Intent, Not by Item

PROBLEM	PS2, the Missing Pairing Engine: literal search (blocker 3) and single-mission intent (blocker 4)
THE IDEA	An always-on AI shopkeeper that helps users shop by goal, not item by item
TARGET SEGMENT	Urgency Grabbers (40%) and Impulse Snackers (20%), single-mission users who never browse

How it works

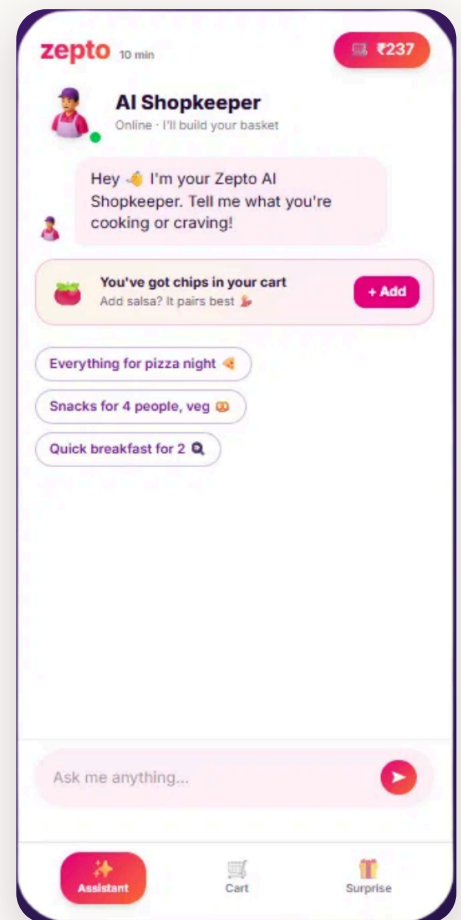
- **Ask directly:** "movie night for 4" or "everything for pizza" builds a full, editable cart in one tap
- **Helps while browsing:** looking at pizza base? "Want the rest of the pizza essentials?"
- **Catches gaps at checkout:** chips in cart? "You might want salsa, it goes well with chips"

AOV mechanism

Turns one query into an **8–12 item contextual basket**, and rescues missed pairings at the last moment before payment.

Why it works

It does the "what else do I need?" thinking for the user, at peak intent and at checkout. In my survey, 0% explore new categories, but 50% would add a relevant suggestion.



Prototype concept

Optimises for

Items per order and category discovery, using existing purchase data.

Trade-off

Highest build effort: needs a product-pairing catalogue Zepto doesn't have today.

The manipulation line

Suggests only items that pair with the cart or past orders, at most one prompt at checkout, sponsored items clearly labelled, and it goes quiet after two dismissals. Past orders are used to help ("your usual bread?"), never to sound intrusive.

PART 3 · SOLUTION 2

Smart Deal Shelf: Turn the Finish Line Into a Start

PROBLEM	PS1, the Completed-Mission Ceiling: the free-delivery threshold acts as a finish line (blocker 1)
THE IDEA	Once the cart crosses ₹200, a short, swipeable shelf of relevant deals appears just before payment
TARGET SEGMENT	Threshold-crossers and Impulse Snackers (20%): healthy baskets nudged a little further

How it works

- **Unlocks at ₹200**, shown once, directly above the payment button
- **Mix of deals:** brand-funded new-launch samples at deep cuts (₹200 → ₹100) plus light markdowns on Zepto staples (₹50 → ₹45)
- **Matched to the cart:** deals are picked for what is already in the basket, not random bestsellers
- **Fully skippable:** "Skip & pay" is always visible, so it never slows down users who don't want it

AOV mechanism

Adds an incremental **₹40–100** to an already decent basket at the exact moment users would normally stop.

Why it works

Margin-safe: the deep cuts are brand-funded sampling, and only light markdowns apply to Zepto's own range. Brands pay to be discovered; users get real value.

Optimises for

Incremental basket value with low build effort and brand-funded margin.

Trade-off

Adds one extra screen element at checkout, so time-to-pay must be watched closely.

The manipulation line, and what I changed

My first concept was a "60-second flash shelf" with a countdown. I removed the timer: the brief rules out false urgency, and Zepto is already under scrutiny from the Central Consumer Protection Authority for dark patterns. Deals show a real end date only if the brand campaign genuinely ends.

PART 3 · SOLUTION 3

Zepto Surprise: A Mystery Box, Never the Same Twice

PROBLEM

PS1, the finish line (blocker 1), plus the 0% discovery gap

THE IDEA

A one-tap add-on box (₹49 / ₹99) offered after the threshold: curated products worth more than you pay, e.g. a cold brew, a new cookie and a just-launched snack

TARGET SEGMENT

Impulse Snackers (20%) first, plus threshold-crossers open to a treat

How it works

- **Curated surprise:** contents are hidden; the appeal is discovery
- **Never repeats:** every reorder brings a different set, keeping it fresh
- **Brand-funded:** new brands pay for sampling, so users get more value than they pay

AOV mechanism

Adds ₹49–99 at the point where the session would normally end: pure added value.

Why it works

It uses the zero-friction impulse moment and curiosity; the never-repeat rule keeps it working across orders. Brand-funded means margin-neutral for Zepto and customer acquisition for brands.

Optimises for

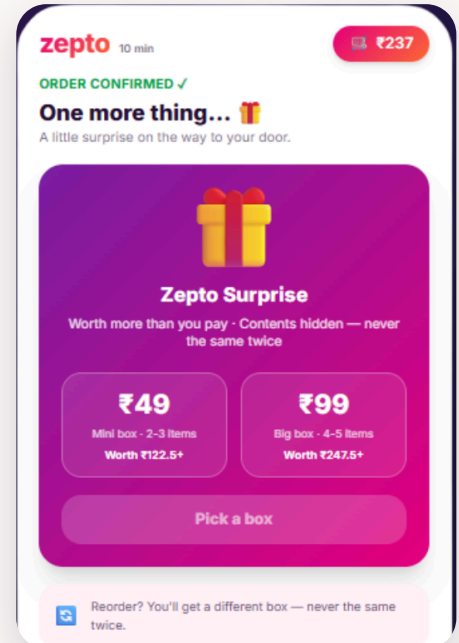
Fast proof of post-threshold discovery with no new infrastructure.

Trade-off

Smaller lift per order, and depends on steady brand partnerships.

The manipulation line

Price and minimum value are shown upfront ("Worth ₹120+"), with veg and allergy filters and the category disclosed. It is never pre-added, and it is removed with one tap like any other item.



Prototype concept

PART 4 · PRIORITIZATION USING RICE

Prioritizing with RICE

Each solution is scored 1–10 on Reach, Impact, Confidence and Effort. **RICE = (Reach × Impact × Confidence) ÷ Effort.**

Solution	Reach	Impact	Confidence	Effort	RICE	Rank
Zepto Surprise Box	9	5	7	3	105	1
Smart Deal Shelf	8	6	8	5	77	2
AI Shopkeeper	9	9	5	9	45	3

How my 5 criteria map into RICE

AOV impact → Impact

Complexity + cost → Effort

Risk to frequency → Confidence

Scalability → Confidence (brand-funded models scale without margin drag)

Users affected → Reach

WHY THE SURPRISE BOX WINS NOW

- **Lowest effort:** curated SKUs and brand deals, no new infrastructure
- **Margin-safe:** brand-funded, near-zero cost to Zepto
- **High confidence:** similar add-ons already work in the category
- **Fast proof:** validates the thesis in weeks, not quarters

Why the AI Shopkeeper ranks last, for now

It has the highest impact and the highest effort: it needs the product-pairing catalogue that my root cause showed Zepto lacks. It is the long-term bet, built once the quick wins prove the thesis.

How the three fit together

They are one direction, not three unrelated nudges: **help the customer complete the shop they actually came for.** The Box and Shelf prove that users add relevant items after the threshold; the Shopkeeper then scales the same idea to every search.

PART 4 · PRIORITIZATION USING RICE

Ship the Quick Win, Then Build the Bet

NOW · MONTHS 0-2

Zepto Surprise Box

Low-risk, margin-safe quick win. Proves that post-threshold discovery works.

NEXT · MONTHS 2-4

Smart Deal Shelf

Higher AOV upside, still high confidence. Adds cart-matched deals before payment.

LATER · MONTHS 4-6

AI Shopkeeper

Build the pairing catalogue, then ship the highest-ceiling fix.

North Star metric

₹388 → ₹480

Average order value in six months, with monthly orders per active customer flat or rising.

Growth KPIs

Attach rate	% of eligible orders adding a box, shelf item or AI suggestion
Items per order	Direct measure of basket size
Category mix	New categories per customer per month
Share of customers with a bigger basket	Shows growth is broad, not driven by a few
Incremental margin per order	Proves growth isn't discount-driven

Guardrail KPIs

Order frequency	Orders per active customer per month must not fall
Session-to-order drop-off	Prompts must not create checkout anxiety
Time to checkout	Stays under two minutes
Remove rate & cancellations	Spots regret and unwanted add-ons
Low-spender churn	Small-basket users must not leave

Rollout

Launch each feature to a 5% cohort in one city first. Expand only if AOV rises **and** order frequency, checkout time and remove rate stay within guardrails. If frequency dips, pause and roll back before scaling.

Help customers finish the shop they came for, not push them into more.

01 · Research

60% of users are structurally small-basket, but 50% would add a relevant suggestion.

02 · Core problem

The app is built for fast retrieval, not basket building; free delivery becomes the finish line.

03 · Solutions

AI Shopkeeper, Smart Deal Shelf and Zepto Surprise Box: one fix at each stall point.

04 · Priority

Ship the Surprise Box first (RICE 105), then the Deal Shelf, then the Shopkeeper.

THE OUTCOME

AOV from ₹388 to ₹480, built on relevance and brand-funded value, with order frequency protected at every step.

Thank You

Varun Kumar · Product Manager

Segments → Blockers → Solutions → Prioritization