



Dunzo - How to increase the Average Basket Value?

By Sayanti Kundu

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Background

Dunzo's major revenue streams :

- a. **Commission** from merchants who have partnered with Dunzo
- b. **Delivery charges** on orders + **surge pricing** on delivery

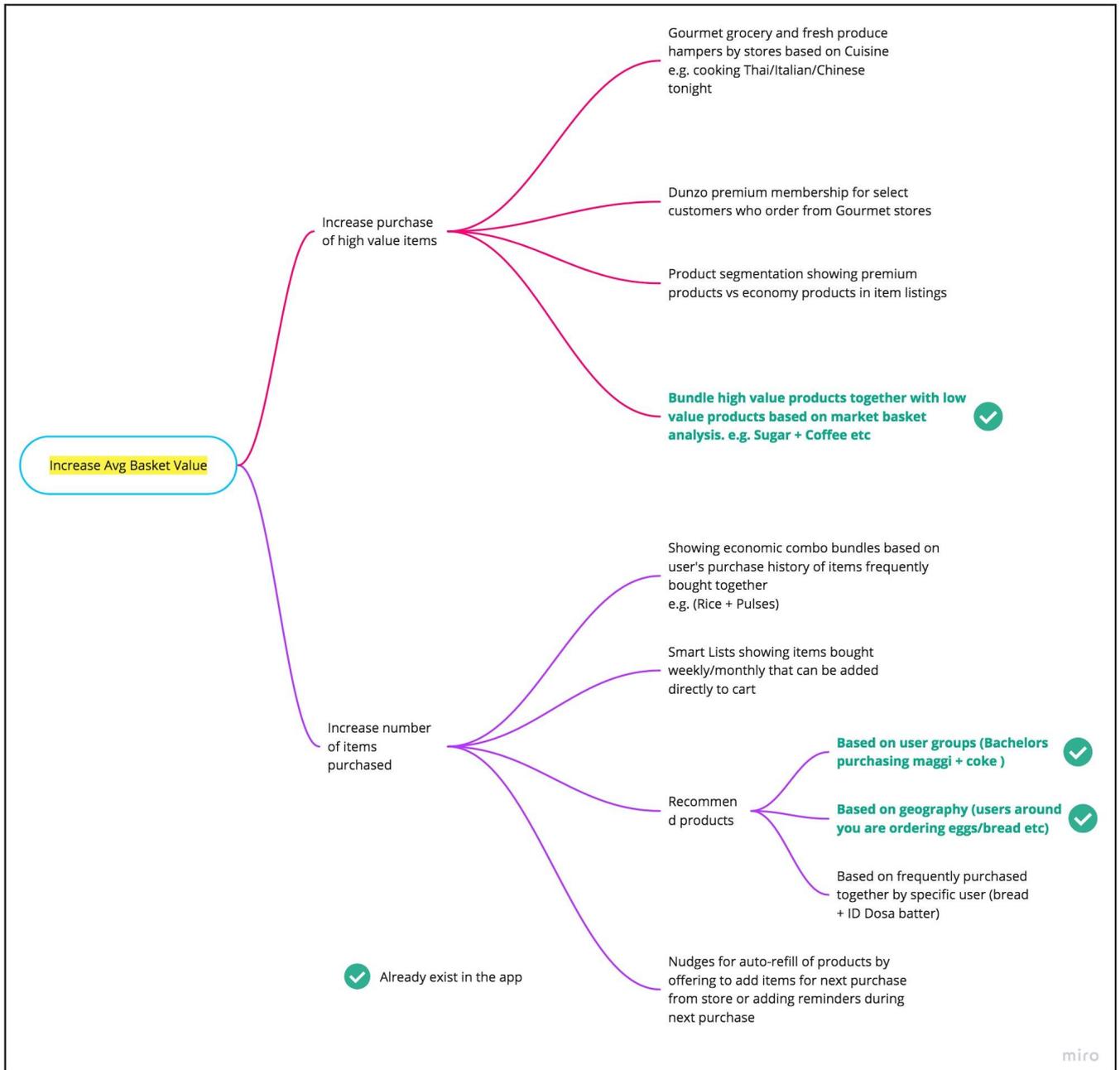
In order to **increase revenue using the existing revenue streams** Dunzo can maximise commissions from merchants who have partnered with Dunzo since increasing the delivery charges or relying solely on surge pricing is not sustainable in a price conscious society like India.

Two ways to **maximise commissions from merchants who have partnered with Dunzo**:

1. **Charge higher % commissions from merchants**
Charging higher % commission from merchants would be difficult since most of these merchants are mom and pop stores who are still getting used to the idea of paying a convenience fee.
2. **Increase average basket value**
Increasing the average basket value would mean customers paying higher per order

How do we increase the average basket value?

*Focusing on two categories of products that are most frequently ordered on Dunzo - *Grocery and Essentials, Fruits and Vegetables*



Solutions and their Prioritisation

- Prioritising the solutions on the basis of **Impact vs Effort**
- Customer segmentation terms used are from [CleverTap's automated segmentation of users on the basis of Recency Frequency Monetary \(RFM\) Score](#)

Solution	Impact (1-5)	Effort (1-5)	Reasoning
Gourmet grocery and fresh produce hampers listed by stores for preparing certain cuisines	5	2	Impact: Very high since targeted at Champions, Loyal Customers, Potential Loyalists. Current lockdown provides high motivation to cook at home Effort: Low since the listings would involve grouping together products on the basis of cuisine
Dunzo premium membership for select customers who order from Gourmet stores	4	4	Impact: High since this is targeted at customers with high RFM values and provides them with sense of exclusivity Effort: High since it involves iterative steps to identify the right set of benefits that the target user segment considers valuable
Product segmentation showing premium products vs economy products in item listings	4	2	Impact: High since this is targeted at high RFM value users and increases visibility of products better suited for those with higher buying power Effort: Low since categorisation of products can be done by matching the high RFM user group to what they frequently buy
Showing economic combo bundles based on user's purchase history of items frequently bought together	2	1	Impact: Low as target user segment has low buying power so wouldn't increase the basket value by too much Effort: Low since this data is readily available and does not involve changes to app flow
Smart Lists showing items bought weekly/monthly that can be added directly to cart	3	4	Impact: Medium since this increases product visibility, creates user dependency on the app, nudges the user to create orders but can result in users adding these items to their regular grocery list from competitors like BigBasket Effort: High since this involves major modifications/additions to the current app flow
Recommend products based on frequently purchased together by the specific user	3	1	Impact: Medium since this improves visibility of products that a user generally buys and is therefore more likely to buy Effort: Low since no major flow changes to the app, can be built on top of existing recommender system
Nudges to refill products by offering to add items about to be over to the next order from that category	3	2	Impact: Medium since this increases product visibility, creates user dependency on the app, nudges the user to create orders but can result in users adding these items to their regular grocery list from competitors like BigBasket Effort: Low since only push notifications needed

Recommended Solution

On the basis of the prioritisation scores in the previous table, the recommended solution is

“ Gourmet grocery and fresh produce hampers listed by stores for preparing certain cuisines ”

[Link to 1-pager proposal for Dunzo Gourmet Grocery and Fresh Produce Hampers](#)