Zomato Food Delivery – Tier-1 Cities Optimization Plan

OKRs

Objective 1: Enhance User Engagement & Retention

Metric	Current Industry Benchmark (2025)	Your Target	Assessment
DAU/MAU Ratio	Typical app stickiness rates range from 10–20% for e-commerce and finance, and 20–50% for social/gaming platforms	25%	Ambitious but achievable for a strong engagement app.
Repeat Order Rate (≥2 orders/month)	Average across sectors is 15–30%; consumables reach 35–40%	55%	Far above market average; would indicate exceptional user loyalty.
Average Session Time	Normal range 2.5–3.5 minutes; +20% increase possible with AI-driven personalization	+20% over baseline	Realistic if personalization and discovery features are improved.

Objective 2: Optimize Delivery Experience for Reliability & Satisfaction

Metric	Current Industry Benchmark (2025)	Your Target	Assessment

Average Delivery Time	Reported as ≈55–57 minutes globally; leading operators down to ~12 minutes average	26 minutes	Excellent target; surpasses most first-party benchmarks.
Order Cancellation Rate	Restaurants typically report 1.5–3% cancellation frequency	2%	Within optimal bounds.
Post-Order NPS	NPS benchmarks show 60+ strong and 75+ world-class	75	Ambitious but aligns with premium service standards.

Supporting KPIs

Purpose:

These KPIs provide deeper visibility into *why* engagement, retention, and delivery outcomes are changing — helping diagnose issues and optimize the funnel beyond surface-level OKRs.

1. Add-to-Cart Rate (%)

Definition: Percentage of users who add at least one item to the cart after visiting a restaurant page.
Why it matters: Indicates *interest and conversion potential* during the discovery phase. A low rate may signal poor menu clarity, irrelevant recommendations, or pricing friction.

2. Checkout Conversion Rate (%)

Definition: Percentage of carts that successfully convert to placed orders.
Why it matters: Reflects how effective the app is at driving users from intent → purchase. Drops may point to payment issues, high delivery fees, or lack of trust in ETAs.

3. 7-Day Retention Rate (%)

Definition: Percentage of new users who place another order within 7 days of their first.
Why it matters: Captures *habit formation* and early loyalty, a leading indicator for long-term retention and LTV.

4. On-Time Delivery Rate (%)

Definition: Proportion of orders delivered within the promised ETA window.
Why it matters: Strongly correlates with *NPS and repeat behavior*. Tier-1 users have high expectations; consistency builds reliability perception.

5. Customer Support Contact Rate (%)

Definition: Number of orders that trigger a support contact (chat/call) due to issues.
Why it matters: A direct proxy for *operational friction* — high contact rates usually reflect pain points in delivery, wrong orders, or unclear communication.

Funnel Analysis

Stage Transition	Zomato-Specific Drop-Off Reason (with Linked Stats)	Hypothesis to Improve Conversion	Product / Behavior Rationale
App Open → Restaurant Search	Zomato's in-app analytics show ~40% bounce rate when sessions lack personalization or dynamic freshness during off-peak hours.	H1:Introduce "Quick Reorder" & personalized homepage tiles ("Your usual lunch spots").	Personalization reduces decision fatigue; returning users in Tier-1 markets typically reorder from the same restaurants, improving session completion .
Search → Restaurant View	Restaurant impressions see 5–7% CTR; generic results underperform compared to cuisine-based or time-based filters.	H2:Implement AI-based ranking and dynamic filters ("Under 30 min," "Trending near you").	Relevance-based ranking and ETA transparency improved item discovery in Zomato's internal A/B tests .
Restaurant View → Add to Cart	Menu-stage drop-offs around 25–35% tied to poor media or unclear pricing.	H3:Add combo recommendations & "Popular Nearby" nudges.	Behavioral design leveraging social proof increased conversion rates by 10–15% among Zomato's frequent diners .

Add to Cart → Checkout	Zomato faces ~70% cart abandonment, mostly due to added delivery fees; 2025 platform fee grew from ₹10→₹12 without volume loss.	H4:Surface free delivery thresholds or Zomato Gold benefits inline.	Showing loyalty savings during checkout increases conversions by reinforcing perceived value .
Checkout → Order Delivery	Post-checkout drop-offs fall after Zomato's real-time ETA recalculation rollout and UPI retry UX revamp introduced in 2025.	H5:Optimize retry flow & ETA communication.	Transparent timelines improve trust; visual ETA feedback cut cancellation rates in pilot metros .
Post-Delivery → Reorder	Repeat order rate holds ~38–42% Tier-1 vs <25% Tier-2/3 cities.	H6:Trigger reorder reminders ("Same pizza again?") within 48 hours.	Recency-based push notifications lift repeat frequency and support higher lifetime value through personalization loops .

Cohort Analysis Setup — Tracking Retention Post First Order

Objective:

Understand how effectively Zomato retains new users after their **first food order**, identify churn patterns, and guide product or communication interventions that build repeat behavior.

- **Cohort Basis:** Weekly users placing their **first order**
- **Metric Tracked:** % placing 2nd/3rd orders (7D, 30D, 90D retention)
- **Goal:** Identify when users churn post-first order

Sample Retention Table

Cohort (Week of 1st Order)	Week 1	Week 2	Week 3	Week 4	Month 2+
Oct 1–7	100%	42%	30%	24%	18%

Oct 8–14	100%	40%	32%	26%	20%
Oct 15–21	100%	44%	33%	28%	22%

How It Informs Decisions

Finding	Action
Sharp drop post-Week 1	Trigger reorder offers within 48 hrs
Long reorder gaps	Personalized cuisine-based push notifications
High retention in specific cuisines	Prioritize similar restaurants in feed
Strong Gold member retention	Promote free Gold trial post first order

Summary

During the analysis, the most surprising insight was how **personalization and delivery reliability** directly shape engagement — not discounts. Tier-1 users value **speed, predictability, and curated discovery** over pure pricing. Defining measurable OKRs helped align retention goals with operational levers (like ETA optimization).

The biggest challenge was balancing **user behavior metrics (engagement, repeat rate)** with **logistics KPIs (delivery time, cancellations)** — both drive satisfaction but often conflict operationally.

This exercise reinforced that Zomato’s next growth wave in Tier-1 cities will come not from acquisition, but from **habit-building experiences** — faster deliveries, hyper-personalized feeds, and proactive communication that builds trust over time.