



MEASI  
*Institute of*  
Management

# CASE STUDY

(Semester 1)

## Entrepreneurship Development

434D1A

# Zepto: Redefining Quick Commerce in India – An Entrepreneurship Development

## Case Synopsis

In 2021, two teenage dropouts from Stanford University challenged the fundamentals of India's grocery retail model by promising something that sounded nearly impossible—delivering groceries in **10 minutes**. Their start-up, **Zepto**, entered a crowded, cash-burning, hyper-competitive market and quickly scaled into one of India's fastest-growing quick-commerce unicorns. This case traces Zepto's entrepreneurial journey, innovation-led business model, venture creation process, financing strategy, and key strategic dilemmas—through the lens of **Entrepreneurship Development (ED)**.

## Background of the Founders

**Aadit Palicha** and **Kaivalya Vohra**, childhood friends from Mumbai, were exposed early to India's logistical inefficiencies while working on a prior logistics start-up during the COVID-19 pandemic. They noticed that food delivery was fast—but grocery delivery was inconsistent, slow, and unreliable. Instead of improving legacy models, they chose to **disrupt the system entirely**.

In 2021, they dropped out of Stanford University, returned to India, and launched Zepto with a single-minded value proposition: > *“Groceries delivered in 10 minutes, consistently and reliably.”*

Their entrepreneurial mindset reflected key ED characteristics: **risk-taking, opportunity recognition, innovation orientation, resilience, and speed of execution**.

## Entrepreneurial Opportunity Identification

### Market Gap

Before Zepto, India's grocery delivery ecosystem suffered from: - Long delivery times (45–90 minutes) - Poor inventory predictability - High customer dissatisfaction during peak demand

Zepto identified a critical unmet need: *Ultra-fast grocery delivery with 100% fulfillment reliability*

### Environment Scanning

- **Technological Factors:** Smartphone penetration, GPS, cloud kitchens, dark stores
- **Consumer Behavior:** Rising demand for convenience post-COVID
- **Competitive Landscape:** Blinkit, Dunzo, Swiggy Instamart

This led to the recognition of **quick commerce** as a breakthrough opportunity.

## **Innovation and Technology Orientation**

Zepto's success is rooted in **process and business model innovation** rather than product innovation.

### Types of Innovation Applied

- **Process Innovation:** Dark-store based inventory model
- **Business Model Innovation:** 10-minute guaranteed delivery
- **Technological Innovation:** AI-based demand forecasting, hyper-local routing

### Intrapreneurial Systems

- Store managers function like micro-entrepreneurs
- Real-time performance dashboards
- Incentive-driven store-level operations

Zepto built India's densest urban dark-store network within two years—an execution feat unmatched in speed.

## **New Venture Creation Journey**

### Idea Generation → Testing → Scaling

- Pilot launched in Mumbai
- Proof of concept achieved within 60 days
- Rapid geographical expansion across Tier-1 cities

### Feasibility Analysis

**Technical Feasibility** - Dark-store automation - Fleet management algorithms

**Marketing Feasibility** - Low customer acquisition cost - High repeat purchase frequency

**Commercial Feasibility** - High burn rate but strong unit economics at store level

Zepto focused on **density before profitability**, breaking conventional retail growth logic.

## **Business Model and Business Plan**

### Zepto Business Model Canvas (Summary)

- **Customer Segment:** Urban working professionals, students, families
- **Value Proposition:** 10-minute grocery delivery

- **Channels:** Mobile app
- **Customer Relationships:** App-based loyalty, subscription plans
- **Revenue Streams:** Product margins, advertising
- **Key Resources:** Dark stores, delivery workforce, AI systems
- **Key Activities:** Inventory management, last-mile delivery
- **Cost Structure:** Warehousing, rider salaries, technology, marketing

Zepto demonstrated how **speed itself becomes the core product**.

### Financing the Venture

Zepto followed the **high-growth venture capital start-up model**: - Seed Funding: Homegrown angels - Series A–D: YC Continuity, Nexus Venture, Glade Brook, StepStone - Valuation crossed **USD 1.4 billion** in less than 3 years

### Financial Strategy

- Aggressive capital deployment
- High cash burn
- Focus on market dominance before EBITA profitability

Zepto reflects the **new-age financing model** where scale precedes profit.

### Competitive Challenges

- **Blinkit (Zomato-backed):** Strong ecosystem integration
- **Swiggy Instamart:** Existing food delivery network advantage
- **Reliance JioMart:** Deep capital and supply chain strength

Key risk factors: - Regulatory scrutiny - High rider attrition - Thin margins on grocery products

### Inclusion, Employment & Social Impact

- Created over **60,000 gig jobs**
- Provides digital income access to youth from semi-urban backgrounds
- Enables kiranas through hybrid partnerships

Zepto contributes to **inclusive entrepreneurship by democratizing access to quick commerce livelihoods**.

### Strategic Dilemma

By 2025, Zepto faced three major strategic questions:

1. Should Zepto continue ultra-fast expansion or slow down for profitability?

2. Should it diversify into electronics, pharmacy, and fashion?
3. Can it become EBITDA-positive without losing its 10-minute delivery promise?

The founders must now balance **speed vs sustainability**.

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### Teaching Objectives

This case enables students to: - Understand entrepreneurial opportunity identification - Apply innovation and intrapreneurship concepts - Analyze new venture creation process - Evaluate business model scalability - Understand startup financing strategies

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### Discussion Questions

1. What entrepreneurial traits enabled Zepto's founders to scale so rapidly?
2. Is Zepto's 10-minute delivery model sustainable long-term?
3. What are the major operational risks in the quick-commerce model?
4. Should Zepto prioritize profitability or market leadership?
5. How does Zepto represent innovation-driven entrepreneurship in India?

### Conclusion

Zepto represents a **new generation of Indian entrepreneurship**—driven by speed, technology, venture capital, and bold risk appetite. Its journey reflects how opportunity recognition, innovation, financing, and execution come together to create a billion-dollar enterprise in record time. Yet, its future will depend not on how fast it grows—but on how wisely it balances **growth, governance, and profitability**.

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