DashMart Analysis & Business Recommendations

Prepared by Erik Kristoffer Valdez
evaldez1@gmail.com
(847) 910-3658

Contents

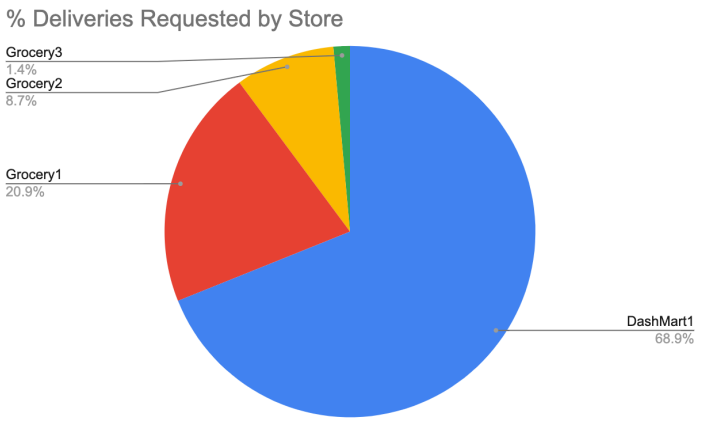
Delivery Requests

Topline Delivery Metrics	Cincinnati - 9/15-10/14
Unique Delivery Requests	13,085
Unique Item Requests	60,582
Requested Revenue	$301,057.00
Adjusted Requested Revenue*	$297,674.00
Item Revenue Per Delivery (Avg Basket $)	$22.75
Average Basket Size (Items)	4.6

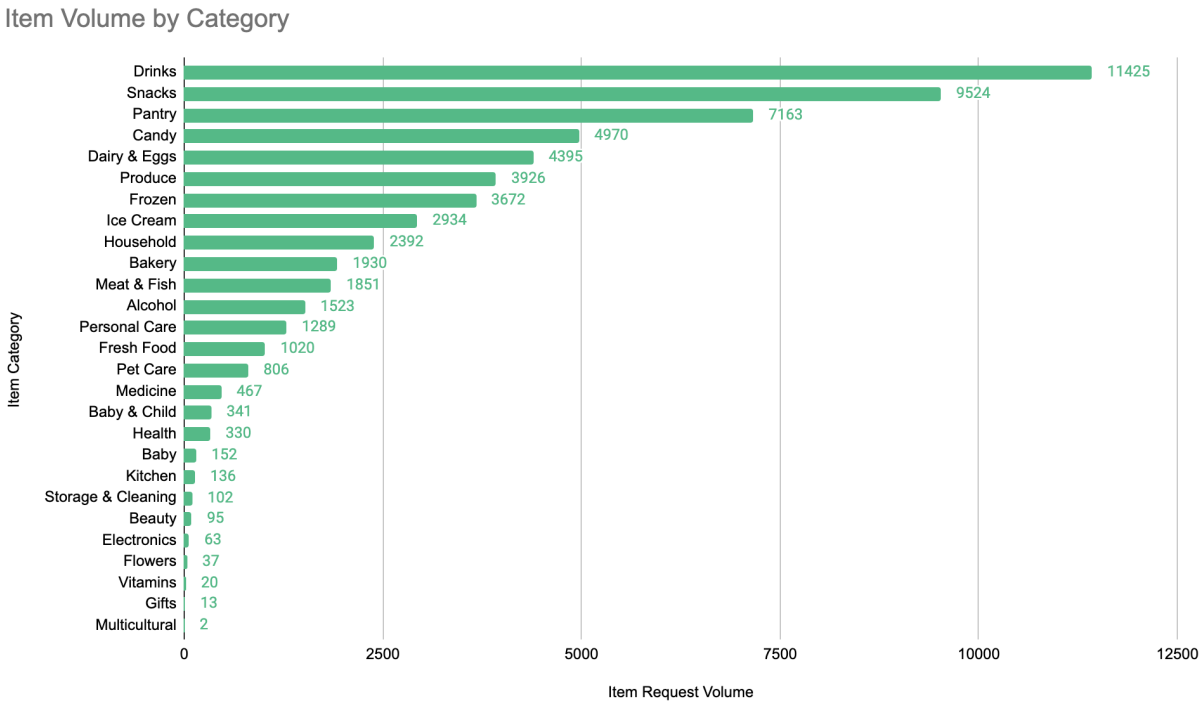
** Adjusted Requested Revenue removes cancelled order*

DashMart obtained over 13K unique delivery requests in the Cincinnati, OH market within the period of 9/15-10/14/2024. Customers in Cincinnati had an average basket size of 4.6 items per delivery request and an average basket value of $22.75 per delivery.

For DashMart and their retail partners, this drew nearly 61K items requested to be delivered, with a majority being fulfilled from DashMart (68.9%). Remaining delivery requests were sent to Grocery Retail Partners 1 through 3 for fulfillment (31.1%).

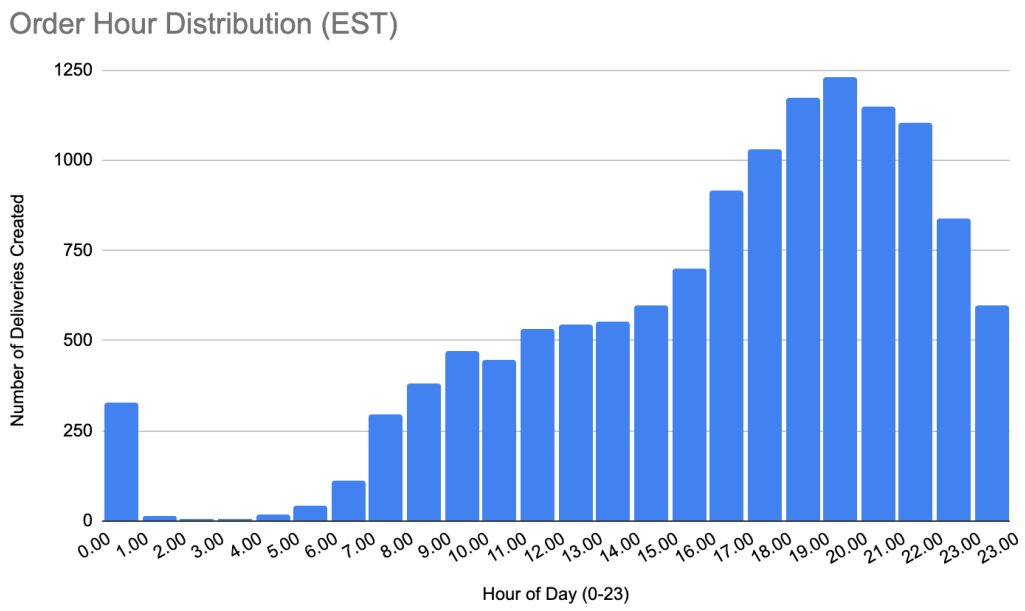


Item categories requested by customers closely resemble the same trends and assortment carried by convenience retailers. Delivery requests index high on categories such as Drinks, Snacks and Pantry items. While categories like Candy and Dairy outperform Alcohol in total item volume, Alcohol was the #4 highest grossing category in terms of sales due to the higher item costs.



The distribution of delivery requests for DashMart over a given 24 hour period indexes higher in the late afternoon and evening. About 50% of volume is requested between 4pm-9pm. This presents an opportunity for tailored and specifically timed promotions to capitalize on the increase in late day volume. For example, promotions can be geared to enhancing item discoverability, potentially increasing basket size and basket value of already expected late-day deliveries.

Distribution of Delivery Requests over 24 hr Period



Dasher Pool Performance

Dasher / Driver Metrics	Cincinnati - 9/15-10/14
Recorded Driver Pool	2,328
On Time Delivery Rate	95.17%
# Drivers with 1+ Late Delivery (>20m)	410
Average Order Place to Driver Accept Time (min)	4.9
Average Enroute to Store Time (min)	3.9
Average Order Place to Driver Arrival Time (min)	8.7

For this reporting period DashMart recorded over 2.3K unique drivers conducting the over 13K delivery requests in Cincinnati.

- 50% of requested delivery volume is being conducted by a pool of 155 unique drivers
- 41 Dashers have done 50+ deliveries within the period
- 9 dedicated Dashers conducted over 100 to 230+ deliveries in this period

While overall Dasher On Time Delivery Rate is a healthy 95.17%, opportunities exist to improve late deliveries over 20 mins. Regarding delivery performance, 410 Dashers in this market have had at least 1 late delivery, with 41 Dashers of those having 3+ late deliveries within this period.

Perfect Delivery Metric

Success of DashMart is predicated on the continual use of the platform by its customers. Factors exist that can impact the customer experience to a point that deters them from using or finding value in the service. Ultimately, the value a delivery service brings is convenience, so any impact to the customer expectations of delivery time and total delivery completeness can negatively impact DashMart's business metrics such as CSAT or NPS, as well as jeopardize the

LTV of that customer. When tracking delivery performance, DashMart should strive for 100% perfect deliveries.

Perfect deliveries are the total number of delivery requests minus any known defects (late delivery, cancelled delivery, issue or claims filed, and possibly returns). These defects in one way or another impact the CX and/or the business' metrics.

Perfect Delivery Performance Metric	Cincinnati - 9/15-10/14
Unique Delivery Requests	13,085
Late Deliveries	632
Cancelled Deliveries	204
Issues or Claims	1,530
Total Imperfect Deliveries (Delivery Defects)*	2,346
Total Perfect Deliveries	10,739
Perfect Delivery %	82.07%

** Total Imperfect Deliveries deduplicate deliveries that are both late and resulted in an issue claim being filed*

Looking at the current Perfect Delivery % for this period, only 82% of deliveries were fulfilled perfectly, without defects. The Total Imperfect Deliveries (2.3K) reflect cases where deliveries were cancelled or a customer's experience was negatively impacted.

Opportunities to improve perfect delivery % and ultimately reduce delivery defects should be inspected by the respective operations and customer experience teams.

- **4.83% of delivery requests are late.** Improving late deliveries should investigate factors such as vehicle routing, Dasher delays, store level dispense delays.
- **1.56% of delivery requests are cancelled.** Cancelled delivery reasons should be investigated to find the root cause of cancellations by either Dashers, stores, or customers.
    - Cost of cancelled deliveries is $3,361.08 revenue lost
    - 92.16% of cancellations occurred within 1 hr of delivery creation
    - 78.43% of cancellations occurred within 30 minutes of delivery creation
- **11.69% of delivery requests result in an Issue or Claims filed.** This is 6x the 2% missing item benchmark which DoorDash recommends to its merchants. Each claim should be investigated with a solution to prevent missing or incorrect items delivered.

Retail Item Pick Performance

Item Metrics	Cincinnati - 9/15-10/14
Total Items Requested	60,582
Value of Items Requested	$301,057
Original Items not found by Dasher	3,786

Value of Original Items not found by Dasher	$21,501.04
Items Substituted	2,588
Value of Substituted Items	$14,826.01
Items Not Substituted	1,198
Value Not Substituted Items	$6,675.03

Any time a Dasher cannot find an original item request, this presents a risk to both the customer experience and the sales revenue of that delivery. Over 60.5K items were requested during the reporting period, valued at $301K. During this time a 3.7K subset of requested items were reported as not being found by the Dasher, amounting to $21.5K revenue risk. A majority of this risk is mitigated by the ability for the Dasher to substitute items.

In the reporting period about 2.6K items were substituted, resulting in $14.8K of revenue "saved" by providing an alternative item. Conversely, $6.7K worth of items were not substituted and ultimately not fulfilled by the Dasher. While financial impact is nominal compared to the items successfully substituted, the results negatively impact the end customer experience and can have adverse effects on CSAT, NPS and LTV of customers impacted.

Certain product categories present an opportunity to optimize inventory and assortment to improve the rate of substitutions and/or decrease cases where the original requested item cannot be found (see chart below).

- DashMart vendor managers should work with purchasers or category managers to inspect item level projected sales and inventory for categories with high "not found" rates.
- Driver Experience or App teams should understand from drivers why items cannot be found in the stores.

Not Found & Substitution Metrics by Product Category

Category	Not Found	Substituted	Not Substituted	Substitution Rate
Household	337	223	114	66.2%
Frozen	481	331	150	68.8%
Pantry	650	472	178	72.6%
Drinks	418	290	128	69.4%
Snacks	349	220	129	63.0%
Dairy & Eggs	347	264	83	76.1%
Meat & Fish	160	116	44	72.5%
Produce	279	183	96	65.6%
Personal Care	114	77	37	67.5%
Health	65	44	21	67.7%
Baby & Child	73	35	38	47.9%
Candy	120	69	51	57.5%
Alcohol	48	37	11	77.1%
Pet Care	58	41	17	70.7%

Bakery	99	74	25	74.7%
Fresh Food	73	38	35	52.1%
Kitchen	27	18	9	66.7%
Storage & Cleaning	27	19	8	70.4%
Electronics	13	10	3	76.9%
Beauty	20	12	8	60.0%
Flowers	10	6	4	60.0%
Medicine	8	5	3	62.5%
Vitamins	5	1	4	20.0%
Baby	1	0	1	0.0%
Ice Cream	3	3	0	100.0%
Gifts	1	0	1	0.0%

Business Recommendations

Recommendation #1 - Run tailored promotions leading up to peak times

Recommendation: Run specifically timed and tailored promotional programs that drive product discoverability and purchase consideration, leading up to peak delivery request times.
Desired Outcome: Increase in current average basket size (4.6 items) and basket value ($22.75) during peak hours.
Context: About 50% of the delivery request volume occurs between 4pm - 9pm, representing a peak leading into early-to-late evening. Opportunity to capitalize on already expected delivery request peaks.
Approach: Work with Marketing / Promotions teams, DoorDash App Teams, Category Managers and/or Vendors (pricing) to develop a marketing program leading into peak delivery request times.

- Consult with DD Application teams on data driven product discovery approaches which exist in the DD consumer app. Consider how we can improve discoverability of new or complimentary items when users are seeking to already make a purchase.
- Consult with Marketing and Promotions teams on how to schedule and execute timed promotional programs on paid, owned and earned channels.
- Consult with category managers and/or vendors on promotional price flexibility.

Recommendation #2 - Optimize delivery performance to aim for 100% perfect deliveries

Recommendation: Produce a Delivery performance program that optimizes Delivery Performance by minimizing defects.
Desired Outcome: Reduce overall delivery defects and improve the total number of perfect deliveries conducted. Maintain or increase CSAT, NPS, LTV and repeat delivery revenue.

Context: Only 82% of deliveries in the period are fulfilled with zero defects. Any delivery defect such as a late delivery, cancelled delivery, missing or wrong item claim and return can negatively impact the end customer experience by not satisfying the customer expectations. This can lead to decrease in metrics such as CSAT, NPS, LTV and overall revenue.

Common Delivery Defects	Defect Rate
Late Delivery Rate	4.83%
Cancelled Rate	1.56%
Issues or Claim Rate	11.69% (6x DD Benchmark)

Approach: Develop a task force with multiple teams across Driver Experience, Delivery Operations, Store Operations, Product and Customer Support to investigate root cause of delivery defects and solution plan. Also develop the proper analytics dashboards to track perfect delivery health across stores and regions.

- **Late Delivery -** Improving late deliveries should investigate factors such as vehicle routing, Dasher delays, store level dispense delays.
- **Cancelled Delivery -** Cancelled delivery reasons should be investigated to find the root cause of cancellations by either Dashers, stores, or customers.
- **Issues / Claims -** Each claim should be investigated with a solution to prevent missing or incorrect items delivered.

Recommendation #3 - Optimize Inventory Planning / Reduce “Not Found Rates”

Recommendation: Reduce the total cases of “Item Not Found by Dasher” AND the total cases of non-substituted items, through improving inventory & assortment planning.
Desired Outcome: Increase the number of complete delivery orders (all originally requested items included in delivery). Reduce the revenue risk through items not found and maintain positive customer experience metrics (CSAT, NPS, LTV).

- Reduce the times a Dasher is unable to find an item when they arrive at the store.
- Reduce the total times a substitution cannot be made for a missing item.

Context: In the reporting period, $21K worth of items were marked as unable to be found by the Dasher, and put at risk. While $14.8K of risk was mitigated by product substitutions, $6.6K was left on the table as items could not be found or substituted. Ultimately this results in incomplete deliveries and a poor customer experience.
Approach: Explore both operational & technical solutions to improving how inventory planning can be optimized to ensure that all requested items are in stock at time of delivery request. This can take multiple workstreams:

- DashMart vendor managers should work with purchasers or category managers to inspect item level projected sales and inventory for items & categories with high “not found” rates.
- Driver Experience, Product and/or Dasher App teams should understand from drivers root cause as to why items cannot be found in the stores (due to store employee delays, friction in finding, poor mapping, etc…).
- Investigate an analytics or modeling solution with Product and Data Science teams that can help vendors or category managers or purchasers better predict item stock outages in key categories.