



instacart

Business Model Enhancement

Consultants:

*Bobby Nutter, Faith Mueller,
Andrew Berry, Michael
DeFelice*



Agenda

- Executive Summary
- Overview of Instacart's Financial Position
- Problem
- Opportunity
- Alternatives
- Recommendations
- Implementation
- Assessment

Executive Summary

Challenge

What solution(s) can be found to ensure Instacart continues its growth and sustain its business for the long term?

Factors

Grocery Market
Margins

E-Commerce Boom
(COVID-19)

Sustainability

Advertising &
Diversifying

Strategy

Expand on Previous Successes

- Advertisement revenue
- Intangible assets

Diversify

- Expansion beyond instant delivery
- Utilize existing strengths

Impact

Success, Sustainability & Growth of Instacart

Overview of Instacart

Instacart has experienced exponential growth over the life of the company

Growth Percentages up-to-date:

1. Revenues: 53% from 2014 to 2020
2. Profits: Grew from a net loss of \$300 million in 2019 to a profit of \$50 million in 2020
3. Number of Users: 31% from 2017 to 2020
4. Partners: 38% from 2017 to 2020
5. Valuation: 81% from 2016 to 2020
6. Locations: Skyrocketed from 25 cities in 2016 to 5,500 cities in 2020

Problem

Maintaining the growth of Instacart through engaging strategies to capture patronage from both supermarkets and its customers

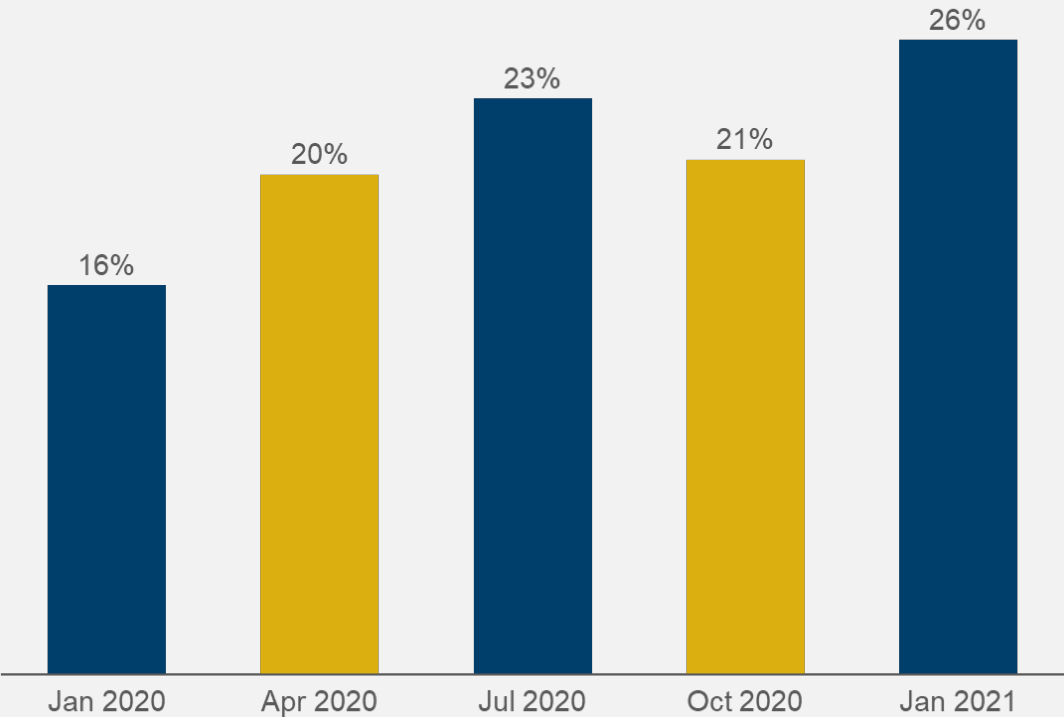
Key Factors:

1. COVID-19 leading to supernatural growth of Instacart
2. Sustainability moving forward
3. Profit margins
4. Entrance of competitors
5. Compliance of brands/stores

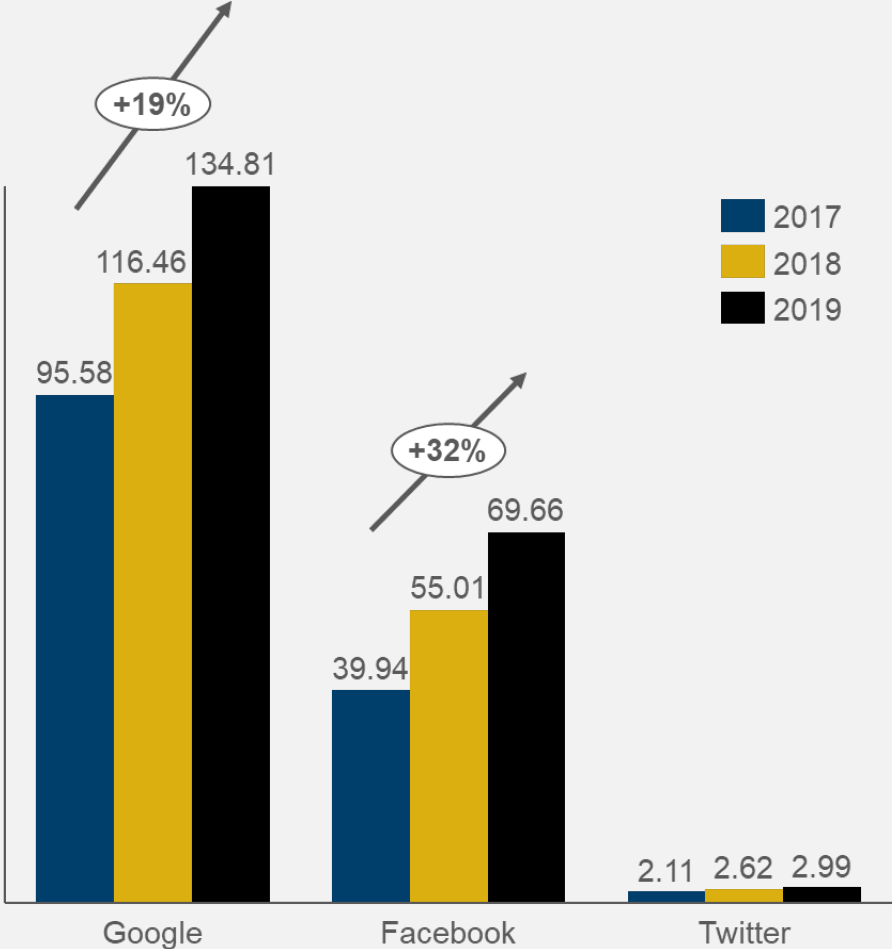


Influence

Share of consumers using Instacart grocery delivery in the United States from January 2020 to January 2021



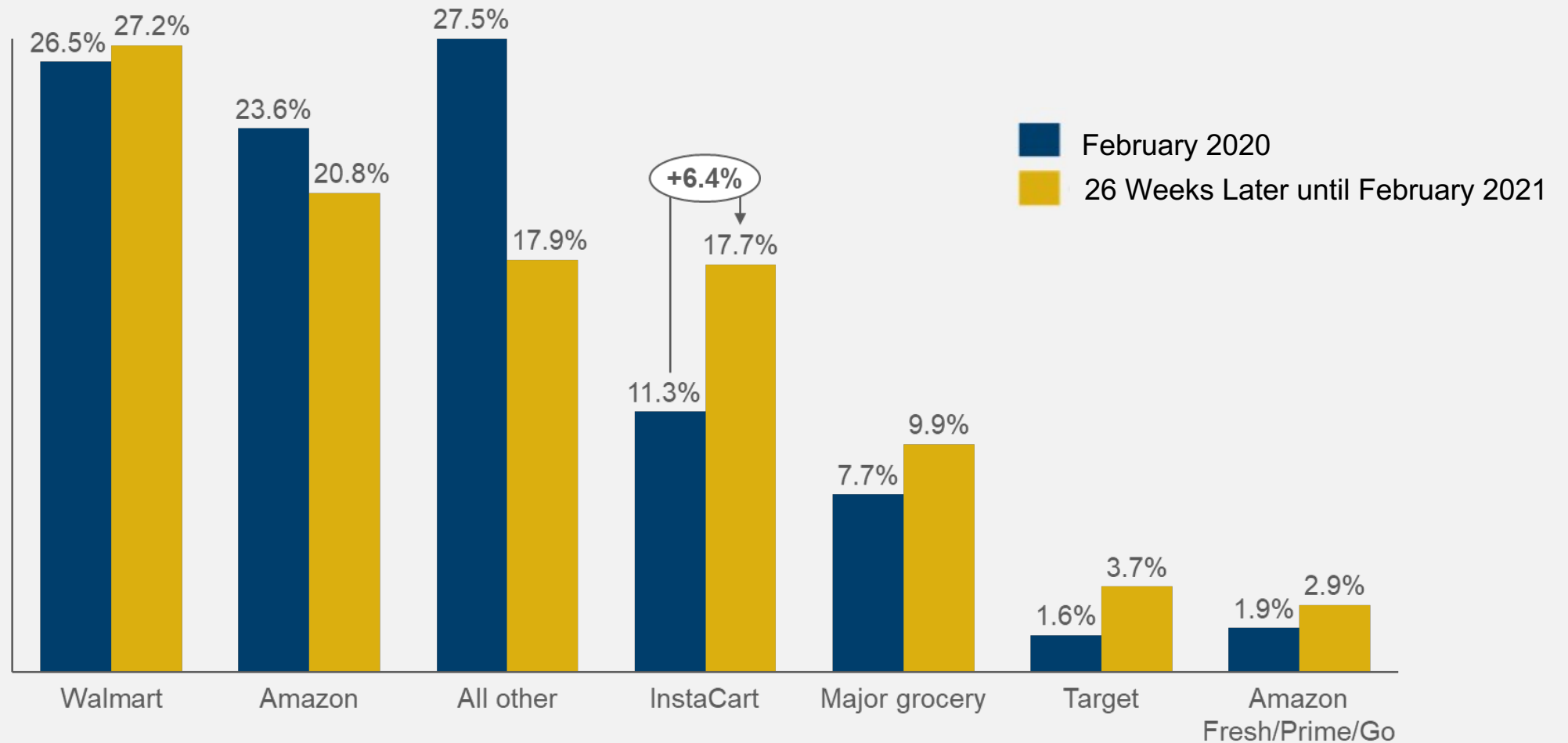
Digital Advertising Revenue in Billions of US Dollars



Current Situation	Opportunity	Alternatives	Recommendation	Implementation	Assessment
-------------------	-------------	--------------	----------------	----------------	------------

Competitor Analysis

Online food grocery market share in the United States in 2020 and 2021, by company

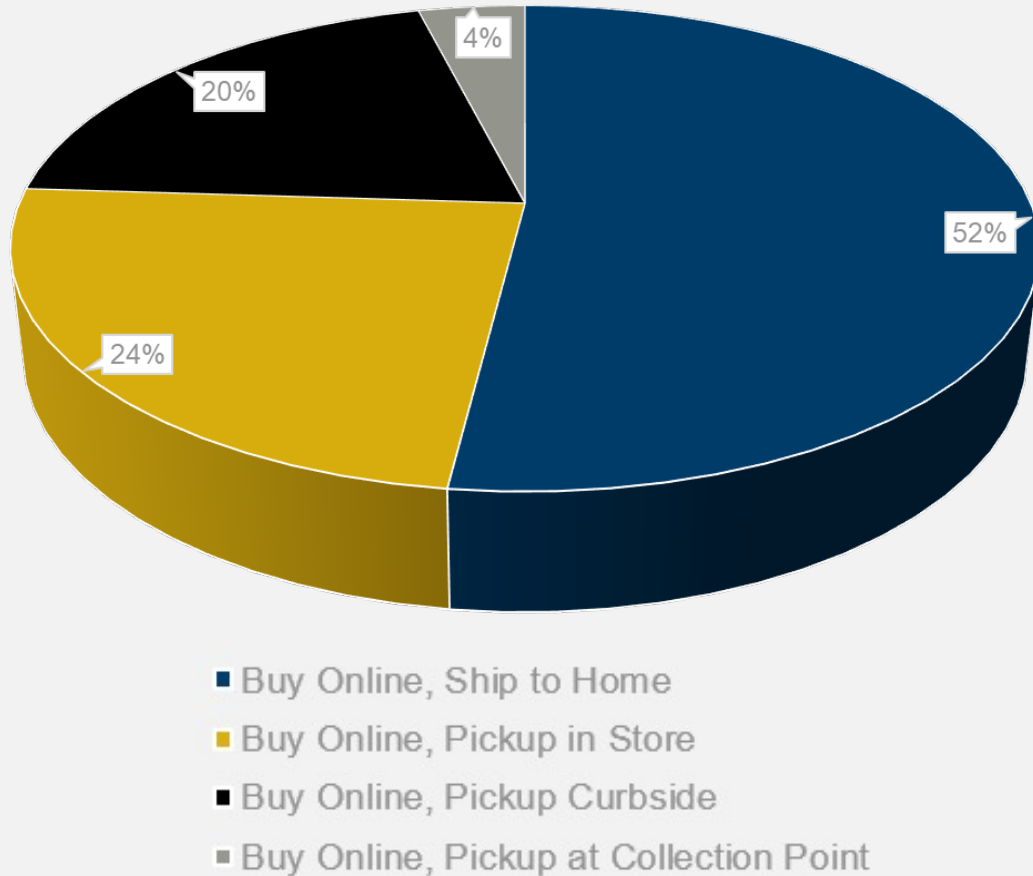


Instacart showed the most growth across the market share

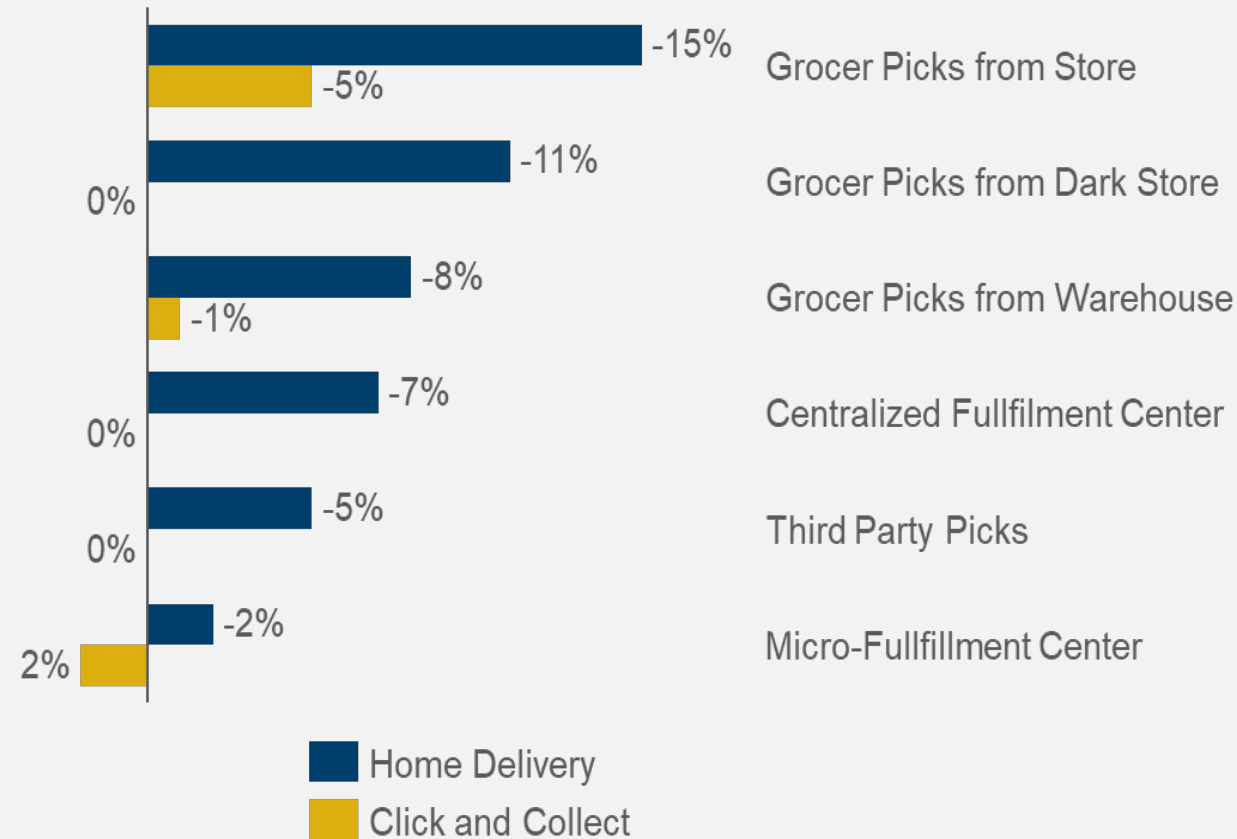
Current Situation	Opportunity	Alternatives	Recommendation	Implementation	Assessment
-------------------	-------------	--------------	----------------	----------------	------------

Opportunity

Most Popular ways to Purchase Worldwide



Profit margin of common online grocery models worldwide in 2020



Current Situation

Opportunity

Alternatives

Recommendation

Implementation

Assessment

Alternatives - Strategies

1. Diversify services Instacart offers
 - Fulfillment centers
 - Food delivery
 - Increased retail presence
2. Introduce an incentive-based program to encourage delivery orders
3. Prioritize intangible asset and intellectual property development within the company.

Current Situation	Opportunity	Alternatives	Recommendation	Implementation	Assessment
-------------------	-------------	--------------	----------------	----------------	------------

Diversified Services

- Introduce fulfillment centers
- Expand retail store presence
- Break into the food delivery market

Uber Annual Revenue			
Year	Total Revenue	Uber Eats Revenue	Percentage
2016	\$5 billion		
2017	\$7.9 billion	\$0.6 billion	7.59%
2018	\$11.3 billion	\$1.5 billion	13.27%
2019	\$14.1 billion	\$1.9 billion	13.48%
2020	\$11.1 billion	\$4.8 billion	43.24%

Current Situation	Opportunity	Alternatives	Recommendation	Implementation	Assessment
-------------------	-------------	--------------	----------------	----------------	------------

Incentive Program

Instacart Loyalty Program

\$1 dollar spent = 10 loyalty points

Points	Incentive	\$\$\$ spent
1,000	15% off (1) delivery	\$100
2,000	25% off (1) delivery	\$200
3,000	50% off (1) delivery	\$300
4,000	One free delivery	\$400+
Points reset at the end of each month		

- Introduce rewards program to promote usage by customer
- Small net margins require higher volume
- Solely delivery based

Current Situation	Opportunity	Alternatives	Recommendation	Implementation	Assessment
-------------------	-------------	--------------	----------------	----------------	------------

Prioritize Intangible Development

- Data Owner to Custodian
- Enhancement of advertising logistics
 - Quality > Quantity
- Emphasis on self-service ad platform
 - Product campaigns

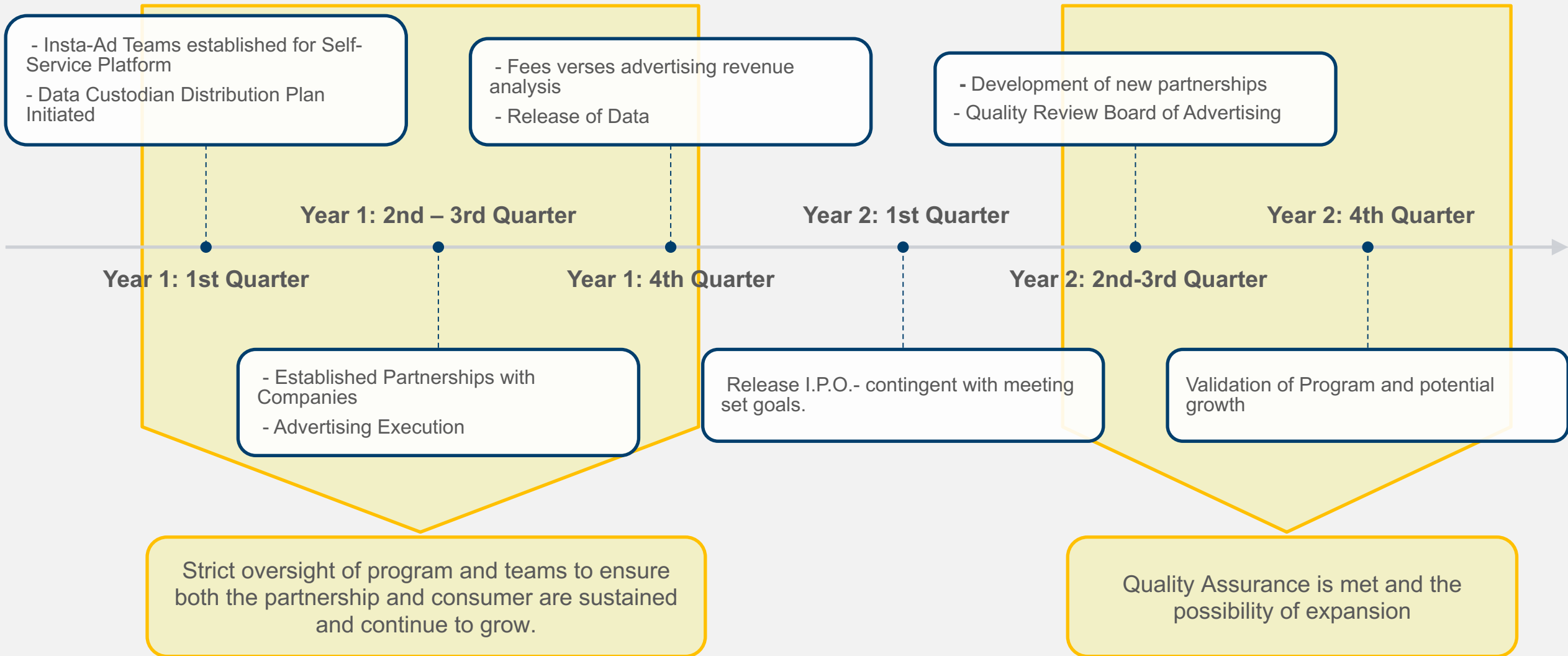
Current Situation	Opportunity	Alternatives	Recommendation	Implementation	Assessment
-------------------	-------------	--------------	----------------	----------------	------------

Recommendation Forecast

<i>Amounts in Millions</i>		Instacart Net Profit Projection											
		2020		2021*		2022*		2023*		2024*		2025*	
Total Revenue	\$	1,500	\$	2,618	\$	3,531	\$	4,640	\$	6,013	\$	7,743	
Ad Revenue		300		1,000		1,350		1,700		2,050		2,400	
Other		1,200		1,618		2,181		2,940		3,963		5,343	
Total Expenses	\$	1,450	\$	1,702	\$	1,999	\$	2,347	\$	2,755	\$	3,235	
Profit	\$	50	\$	915	\$	1,532	\$	2,293	\$	3,258	\$	4,508	
*Identifies projections moving forward													

Current Situation	Opportunity	Alternatives	Recommendation	Implementation	Assessment
-------------------	-------------	--------------	----------------	----------------	------------

Implementation



Current Situation

Opportunity

Alternatives

Recommendation

Implementation

Assessment

Assessment

- Review of financials after 1 year to determine I.P.O.
- Address any issues with and area of **loss**
- Repeat using the revenue projections as determined by team to ensure long term profitability and success

Instacart

Revenue Area	Year 1	Expected	Profit / Loss
Advertisement	\$1.0 B	\$1 B	X
Delivery Services and Fees	\$1.6 B	\$1.5 B	\$1 M
Total	\$2.6 B	\$2.5 B	\$1 M

Current Situation

Opportunity

Recommendation

Implementation

Assessment

Closing Remarks



instacart



References

- Bain & Company. (July 9, 2020). Profit margin of common online grocery models worldwide in 2020* [Graph]. In *Statista*. Retrieved January 04, 2022, from <https://www-statista-com.wvu.idm.oclc.org/statistics/1178365/online-grocery-profit-margin-worldwide/>
- Curry, D. (2021, December 16). *Uber eats revenue and Usage Statistics (2021)*. Business of Apps. Retrieved January 4, 2022, from <https://www.businessofapps.com/data/uber-eats-statistics/>
- Iqbal, M. (2021, December 16). *Uber revenue and Usage Statistics (2021)*. Business of Apps. Retrieved January 4, 2022, from <https://www.businessofapps.com/data/uber-statistics/>
- IRI. (March 29, 2021). Online food grocery market share in the United States in 2020 and 2021, by company [Graph]. In *Statista*. Retrieved January 04, 2022, from <https://www-statista-com.wvu.idm.oclc.org/statistics/1147672/coronavirus-online-food-grocery-market-share-by-company-us/>
- Measom, C. (2021). *Average cost of groceries per month: How much should you be spending?* Yahoo! Retrieved January 4, 2022, from <https://www.yahoo.com/now/average-cost-groceries-per-month-230031237.html#:~:text=The%20Average%20Cost%20of%20Groceries%20Per%20Month,per%20month%20for%20U.S.%20households.>
- Statista. (June 11, 2021). Selected online companies ranked by total digital advertising revenue from 2012 to 2020 (in billion U.S. dollars) [Graph]. In *Statista*. Retrieved January 04, 2022, from <https://www-statista-com.wvu.idm.oclc.org/statistics/205352/digital-advertising-revenue-of-leading-online-companies/>