

Entrepreneurship (LCMB7004)

Assignment 2



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Lecturer: **Jaya Gopalkrishnan**

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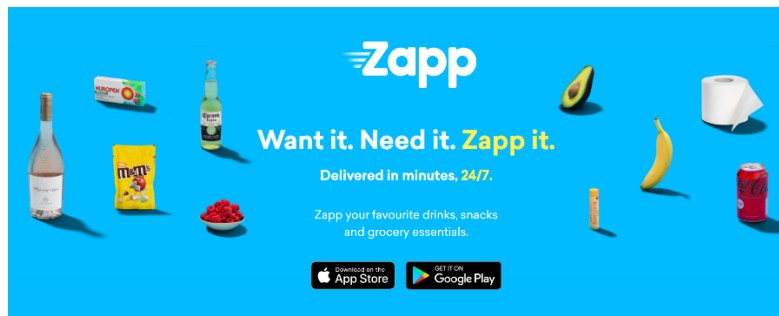
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Introduction

Startups are entrepreneurial endeavors that reflect the potential of becoming dominant enterprises in the future. This report would therefore discuss the factors leading to the success of the startups beyond three years on the basis of the observed patterns in Zapp. The study would include a precise overview of the company background accompanied by a detailed discussion of the products and services of Zapp. The study would also analyse the factors leading to the success of startups followed by an evaluation of the source of funding. Furthermore, the report would highlight the strategies used by Zapp for business operations followed by a set of recommendations.

Company Background

Zapp is a UK-based quick-commerce startup business that delivers groceries and other last-minute essentials like snacks, baby and pet supplies, party essentials, and drinks within a short time. It offers 24*7 on-demand delivery services. The application includes 1000 products in its list and takes orders and offers guaranteed delivery within a short time regardless of day or night. The motto of Zapp is to offer the customer ultra-convenience by delivering high-quality products to the doorstep within a short period of time. The organization desires to reach a substantial position within the market by maintaining unbiased practices on prices, employment, as well as on the earth (golden.com, 2023). The delivery service has no fixed amount on minimum spending and the customer can even order a product for £2.99 and the standard delivery fee is waived by the organization when the customer makes a purchase of £30. The deliver-service organization is also fair towards their employees and offers them a chance to obtain a higher position in the job considering the engagement of the employee with the work. Additionally, the startup business is also fair towards the environment and thus delivers products in paper bags to lower non-biodegradable wastes. The organization also has an active participation in “The Felix Project” and “City Harvest” to lower the wastage of food (tryzapp.com, 2023). As per the review of the customers, it can be stated that the delivery service offers brilliant customer service and delivers products quicker as compared to other delivery service present within the locale (tryzapp.com, 2023).



(Zapp, n.d.)

Products and Services offered by Zapp

This startup has received funding from prominent individuals such as Lewis Hamilton and is reputed for offering the service of delivering to the doorstep within minutes (CNBC.com, 2022). The service offered by Zapp is available 24*7 which attracts consumers that lead a busy lifestyle. The platform offers multiple products in categories other than groceries as well such as fashion, electronics, stationery, office essentials, pet care, and many more (tryzapp.com, 2023). Consumers rely on the services of Zapp because of its speedy delivery and instant services irrespective of which type of product is to be delivered. The company is offering these services in multiple other markets outside of Europe (Rai *et al.* 2023). Zapp Delivery provides its customers with access to the services through an application that is designed to give a smooth user experience so that the customers do not have to go through struggle while trying to place an order.

The Zapp application allows customers to make remote payments as well via the application which is another service that is provided by the company in collaboration with the third-party payment gateways (Rai, 2023). Zapp is also gaining popularity due to the fresh category in the product portfolio that offers the customer Meat products that are claimed to be free from chemicals, fresh, certified by the food labs, and with no usage of preservatives. Another intriguing service that the startup offers to its consumers is loyalty programs either in the form of discounts or issuing coupons in rotation on all products so that the customers are convinced on consuming more and more.

Factors that lead a startup to success

The success of startups depends on a variety of factors that plays a dominant role in generating profit and contributing to the growth prospects of the enterprises. Zapp has established itself as one of the significant grocery delivery startups in the UK which has been leveraging a range of

aspects for enhancing the business and solidifying its position in the e-commerce and online delivery industry of the country.

As opined by Sevilla-Bernardo *et al.* (2022), startups that aim to operate with a clear long-term concept often launch the business at an optimum time. However, in the view of Mukti *et al.* (2019), startups often formulate business strategies and launch the company understanding the needs of the clients and potentially in niche markets. Zapp launched itself in the financial year 2020 with its online grocery delivery services (bloomberg.com, 2022). The expertise of the company in identifying the optimum time to launch such a business endeavor might be understood by the fact that in 2020, the social distancing and containment of people at home increased the need for a delivery service that would supply groceries to the doorstep. Although the concept of e-commerce is quite popular in the UK, the sole focus on delivering groceries has been relatively new. The lack of competition in this niche domain facilitated the achievement of the long-term objectives and growth of the company.

The company launched its business at a time when the use of e-commerce and online delivery has been quite high in the market. However, the sole emphasis on grocery delivery opened up new alternatives for consumers which made essential and ordinary products accessible through the Zapp platform (zappsupport.zendesk.com, 2023). The services offered by the brand were a well thought outcome of the challenges faced by its target customer base during the pandemic. The company is also making use of distinct strategies to turn remotely working professionals into active clients using distinct marketing strategies to expand its business.

The operational efficiency of startups depends on identifying and recruiting employees with precise skills and competencies. However, as per Men *et al.* (2021), it is the combined effort of the skilled employees as well as the entrepreneur which transforms a startup into a successful business. Zapp has reflected a similar thematic conception through its business strategy that has been facilitating the company to witness success over the last three fiscal years. The company recruits the best talents in the market by utilising effective HR management practices. It has been observed that the applications for distinct positions are shortlisted and called for interviews from which the specialists and the HR department identify potential employees with suitable skills and precise competencies (zapp.com, 2023). This process has been helping the company in distinct operations including management, client support, marketing, inventory management, supply chain as well as its key operation which is delivery.

According to the statement of O'Toole *et al.* (2021), planning and execution of the business are crucial for maneuvering startups toward profit. In the view of Cooper, (2019), it is the idea behind the startup which determines the degree of success that would be witnessed by the

startup. Zapp's launch has been centred around the concept of providing a unique experience to clients through its online platform. The company, therefore, makes use of dark stores to facilitate its delivery approach. Dark stores are the physical stores where the company stocks its sourced products and from where the ordered commodities are packaged and delivered through its delivery executives and partners. It helps Zapp by providing the clients with exclusive opportunities to personalise delivery options including same-day delivery, delivery for someone else, and home delivery (zappsupport.zendesk.com, 2023). The company has been able to satisfy its clients by using this technique where the business has been able to utilise the dark stores as a multidimensional operations facility that streamlined the entire process of stocking products to delivering commodities.

In the view of Ansari *et al.* (2019), marketing tactics influencing the brand awareness of consumers has a direct impact on the buying decision of the clients. However, as identified by Tong *et al.* (2020), marketing strategy not only equips the customers with knowledge of the enterprise but also creates a demand for the products and services in the market. Zapp has been making use of distinct marketing channels and has been gradually increasing its brand awareness by introducing curated content, promotional videos, and user-friendly mobile applications. The success of such a strategy must be inferred from the fact that within three years of its launch, the company has established a brand awareness of 24% in the UK as of the financial year 2022 which has a solid potential of increasing in the upcoming years as well (statista.com, 2023).

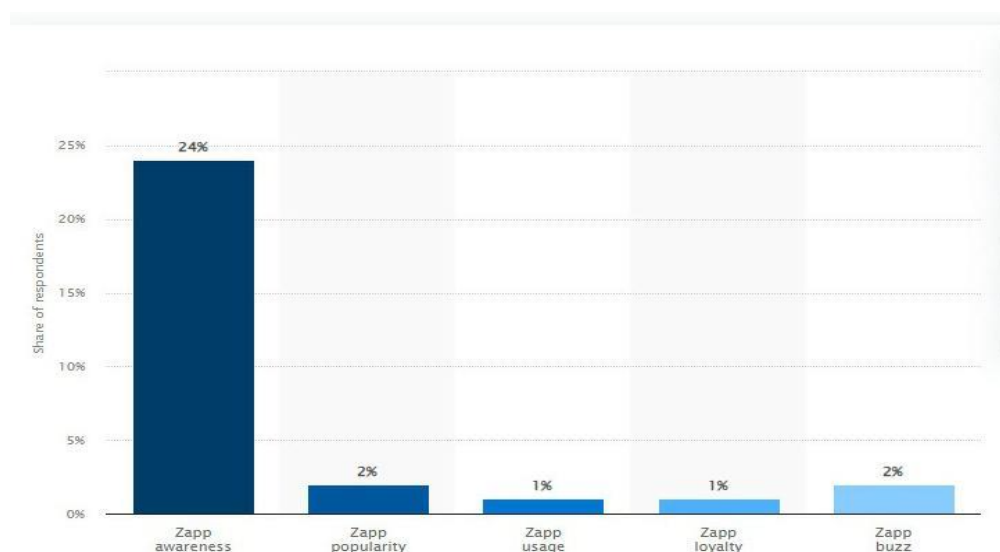


Figure 1: Brand Awareness of Zapp in 2022

[Source: statista, 2023]

Source of funding

Launch, as well as expansion of startups, require a steady flow of capital that enables the entrepreneurs to access and utilise the distinct resources necessary for facilitating the transition process of a business idea to a successful enterprise. In the view of Dhochak *et al.* (2022), the acquisition of the required funds is one of the crucial stages for the startup and its enhancement. However, according to Ziakis *et al.* (2022), startups realise the need to be in a position to afford continuous upgradation and restructuring that is possible through the achievement of the finances.

Zapp has also been reflecting a strong conviction about the necessity to procure funds to maintain the business operations without slipping into loss or debt while running the business. It has been observed that the company has made a soft launch in Paris while the brand is looking forward to expanding the online delivery platform and its market to distinct cities including Rotterdam, Amsterdam, Cambridge, Bristol as well as Manchester (techcrunch.com, 2022). The delivery platform focusing on supplying groceries to clients has raised \$300 million from investors to enhance product lines as well as distribution channels (crunchbase.com, 2023). The strategy of Zapp indicates that the company is more inclined towards obtaining funds from investment. In the view of Cavallo *et al.* (2019), investment is one of the key funding strategies that is often utilised by startups to obtain the necessary funds. However, as opined by Yasar, (2021), investments also come with the drawback of providing adequate returns to the investors. In contrast to corporate loans or equity finance, investment is a viable option for procuring funds for startups like Zapp.

It has to be noted concerning obtaining funds that the UK-based delivery startup, Zapp, as of 2023 has obtained funds from 11 investors out of which the key corporations which have invested in the company are -'Lightspeed Venture Partners, BroadLight Capital', '468 Capital' as well as 'Atómico' (crunchbase.com, 2023). The enterprise has also witnessed the investment of the Formula One Racer, Lewis Hamilton in Zapp which is reflecting a strong potential of becoming a leading delivery option in the European market (forbes.com, 2022). In addition to that, distinct resources have highlighted that Zapp utilised the services of JP Morgan in concluding the investment and fund procurement deals that played a dominant role for the startup in raising \$200 million (cnbc.com, 2022).

Strategies adapted by Zapp for its business operations

According to Rinaldi *et al.* (2022), Zapp business facilitates an application for making orders and having them delivered within 20 min or 24 hours, or 7 days depending on the customer's purchase volume and item. To streamline such operations, the company has set up its network of regional Zappstores that stocks sufficient merchandise that is ready for the customer, packed, and shipped within a given timeframe. As the business strategy is centered around traveling and reaching target customers, it has employed electric vehicles which thus adhere to sustainability as well as meeting the primary objective which is to fulfill customer needs. Each rider gets recruited considering their devotion to satisfy customers by going beyond as a whole. Despite quick and easy delivery, it ensures to maintain price, particularly for those segments that are price-sensitive. Since the company's dark store is located in a highly-populated area, it is capable of delivering before the time.

As a part of its customer-centric strategy also referred to as one of the vital components of operational strategy, it has been evident that Zapp has given focus to analytical techniques to further comprehend its customer needs (Chang *et al.* 2022). In this way, the company has been able to improve its pricing structure, marketing campaign, and, supply chain. Considering the company's product strategy, Zapp utilise collaboration strategy among the product department and customer service team as a means to discover the most demandable item and the worst-rated item. However, to sustain excellent operational performance, Zapp has increased its high-quality product portfolio. Based on the market penetration approach, Zapp is slowly expanding its market to new large cities in the global context owing to its organic growth and strategic partnership strategy. Based on the data, it has secured about \$200 million and aggressively built its network of dark shops. As for its future planning, as stated by Urquhart *et al.* (2022), leveraging its market penetration approach, it aims to enter markets like drugs and alcohol as well.

When focusing on supply chain management, its key elements are local partnerships for reducing shipping time to reach dark shops. While its other element is technology that utilised to track orders alone optimizing the inventory level. Moreover, its high-volume warehouse and routing algorithm are other elements that possess a high capacity to improve complete operations. The proprietary routing algorithm is its core asset that assists Zapp to cut delays and improve shipping paths (Mohseni *et al.* 2023). This indicates that the company has effectively utilised advanced tools and technology.

Recommendation

Zapp is a grocery delivery service that is known to offer quicker services as compared to rather services present within the locale. The business is highly concerned with offering the utmost customer satisfaction through fair prices and on-time delivery. The business also has a focus on both the internal and external work environment, due to which the business tries to follow sustainable and ethical practices. However, as Zapp is a startup business, it will require some time to gain a market presence and brand loyalty (tryzapp.com, 2023). Therefore, the startup business with the intent to develop and reach more customer base, can introduce more products category into its product lists like fresh fruits and vegetables, medicines, party decors, and so on in its line of products. Moreover, the business can also make collaboration with local businesses to gain the attention of the customers (Shkarlet *et al.* 2020). Additionally, the firm can also introduce Artificial Intelligence to enhance the overall customer experience by comprehending the needs of the customer. It will also help the business assess customer reviews and make changes in its operational process to attract more customers. The business can also hire engineers with expertise in machine learning, data analytics, and language processing to develop AI-driven solutions (Clampit *et al.* 2022).

Conclusion

Following the above information presented, it can be stated that Zapp has effectively emerged and positioned itself within the intensified marketplace. Based on the above evidence, the study has explored every facet including its success story, operational strategies, and approaches. Analysing the information, it has been discovered that the company has effectively utilised its organic growth strategy which revolves around the dark shops alongside, its suppliers, technology and so on which assisted in streamlining the operations as a whole. To sustain such accomplishments, it makes sure to manage both its internal and external environment effectively by facilitating requirements as a whole.

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Personal Reflection

Preparing a report on Zapp we got chance to engage in collaboration learning, improve analytical skills.

At the start of the project, we felt excited regarding the project as it provided us the opportunity to practically apply the knowledge that we gained and to produce a high-quality project.

At the initial stage of the project we decided to collect all information together and we did it within a very short period of time and after that we divided our work and always in touch with each other this was one of the positive impact on our team work and we realized the importance of team work in our daily life. Since we were working in a group, there were certain time frames when we had long conversations with each other because everyone has their point of view but we satisfied each other's points very well and at last this ability to work as a team helped us to provide a better and effective conclusion and recommendation. During this project we realised the complexity to turn a startup into successful business within a short period of time and we realized the importance of management and effective communication.

Moving forward as a team we decided to carry forward all the skills we acquired during this short period of time and apply them in our personal and professional life.

Entrepreneurship (LCMB7004)

Group Leader	1. Parmod Kumar	(2229251)
	2. Vijayendra Jagdishchandra Birdi	(2221011)
	3. Mayur Vaniya	(2226486)

Introduction

Startups are entrepreneurial endeavors that reflect the potential of becoming dominant enterprises in the future.

company background

Products and Services

Factors leading to the success of the startups beyond three years

Source of Funding

Strategies used by Zapp

The Five Stages of Entrepreneurship



Ideation



Planning



Execution



Scaling



Hypergrowth

HubSpot

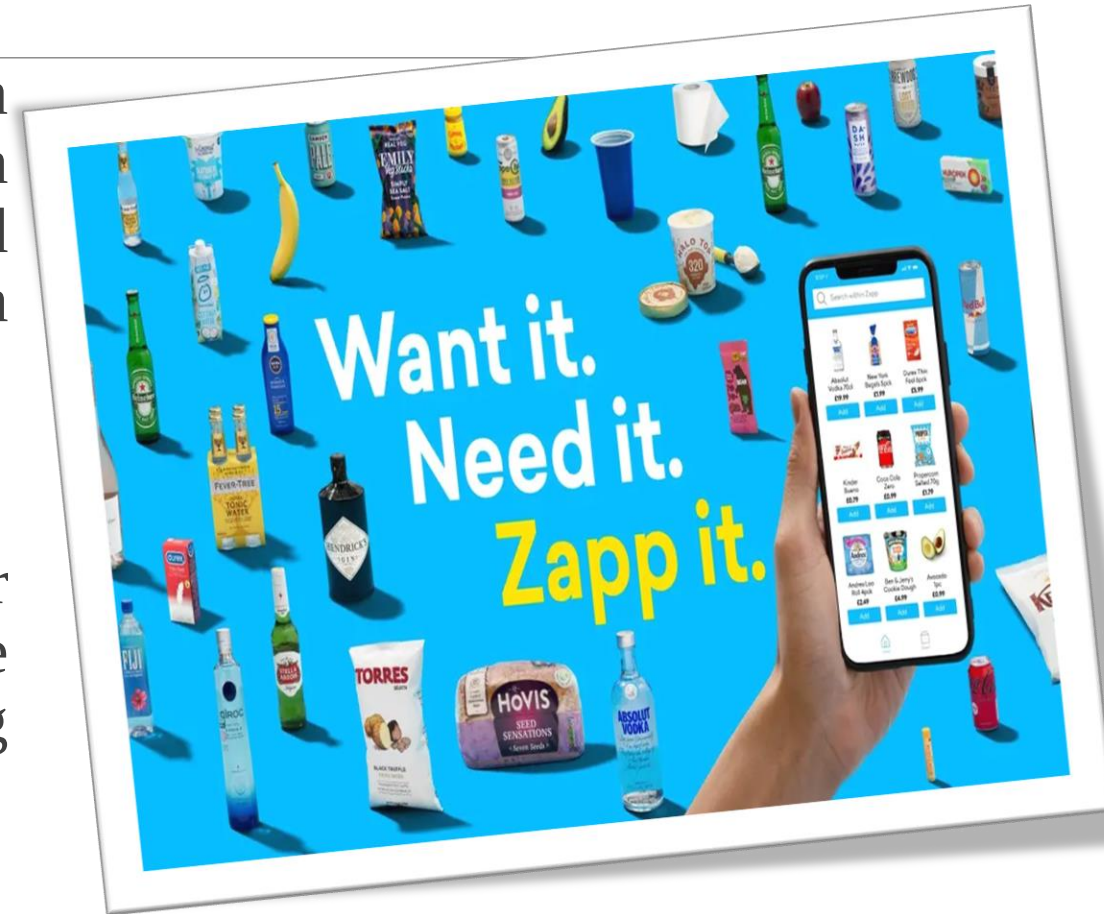
Company Background

- Zapp is a **UK-based** quick-commerce startup business that delivers groceries and other last-minute essentials like snacks, baby and pet supplies, party essentials, and drinks within a short time.
- It offers **24*7** on-demand delivery services. The application includes **1000 products** in its list and takes orders and offers guaranteed delivery within a short time regardless of day or night.
- The motto of Zapp is to offer the **customer ultra-convenience by delivering high-quality products to the doorstep within a short period of time**. The organization desires to reach a substantial position within the market by maintaining unbiased practices on prices, employment, as well as on the earth (golden.com, 2023).



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- As per the review of the customers, it can be stated that the delivery service offers brilliant customer service and delivers products quicker as compared to other delivery service present within the locale(tryzapp.com, 2023).
- This startup has received funding from prominent individuals such as **lewis hamilton** and is reputed for offering the service of delivering to the doorstep within minutes(cnbc.com, 2022).

Products and Services offered by Zapp

The service offered by Zapp is available 24*7 which attracts consumers that lead a busy lifestyle. The platform offers multiple products in categories other than groceries.

- Pharmacy
- Fashion
- Electronics
- Stationary
- Office Essentials
- Pet Care



Products and Services offered by Zapp



➤ Zapp Delivery provides its customers with access to the services through an application that is designed to give a smooth user experience so that the customers do not have to go through struggle while trying to place an order.

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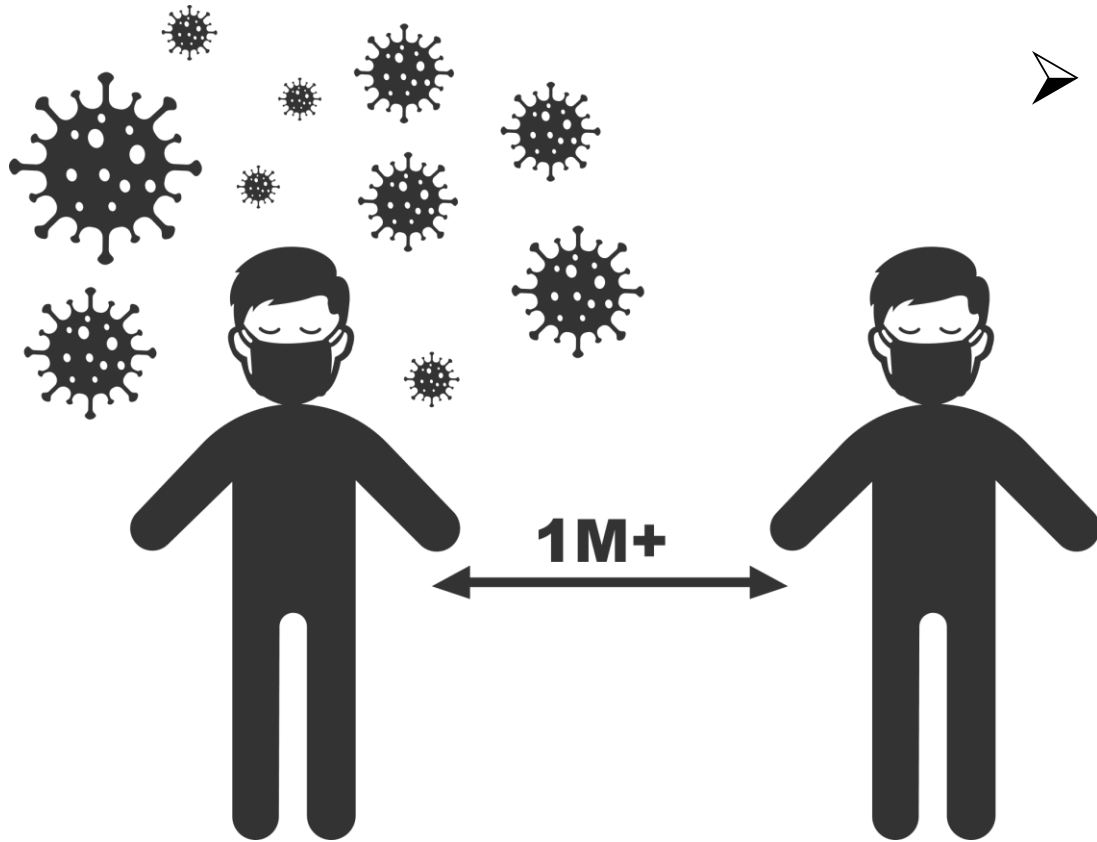


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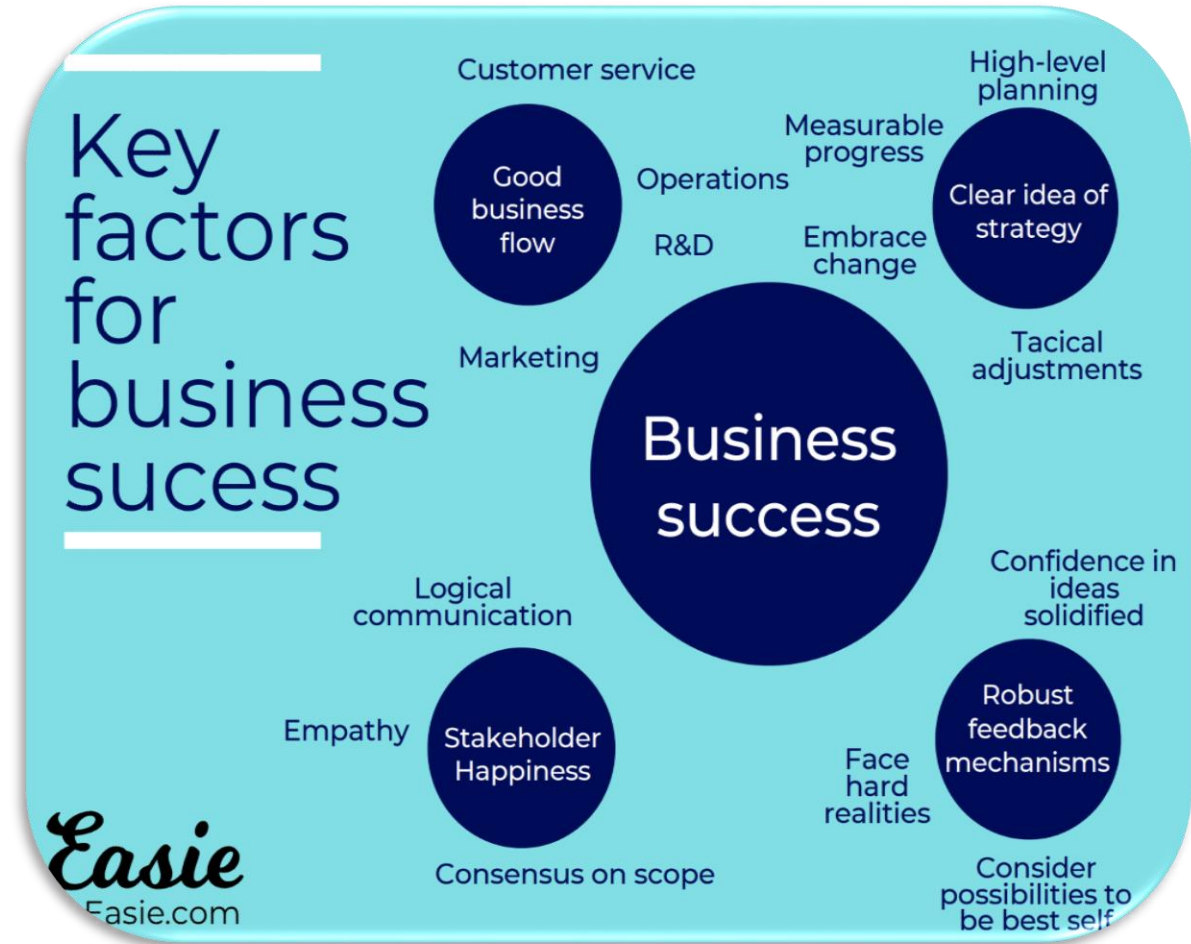


- Zapp launched itself in the financial year 2020 with its online grocery delivery services (bloomberg.com, 2022).



- The expertise of the company in identifying the optimum time to launch such a business endeavor might be understood by the fact that in 2020, the social distancing and containment of people at home increased the need for a delivery service that would supply groceries to the doorstep.

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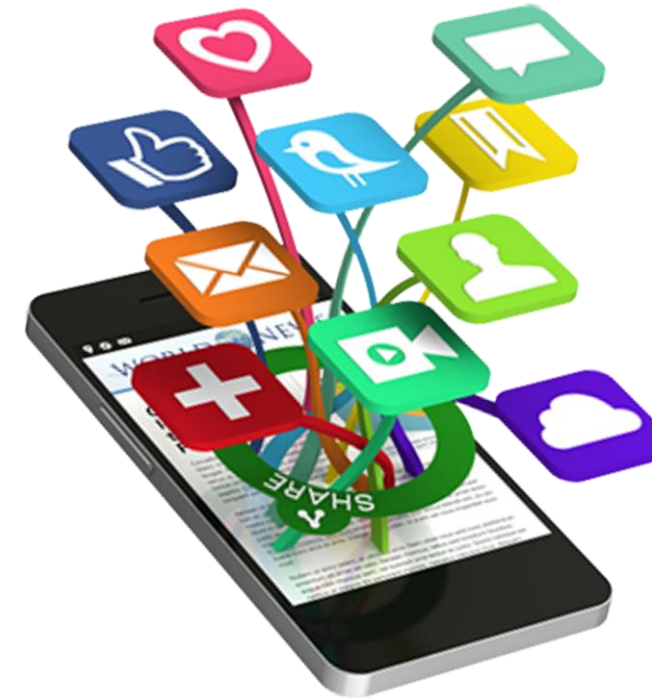
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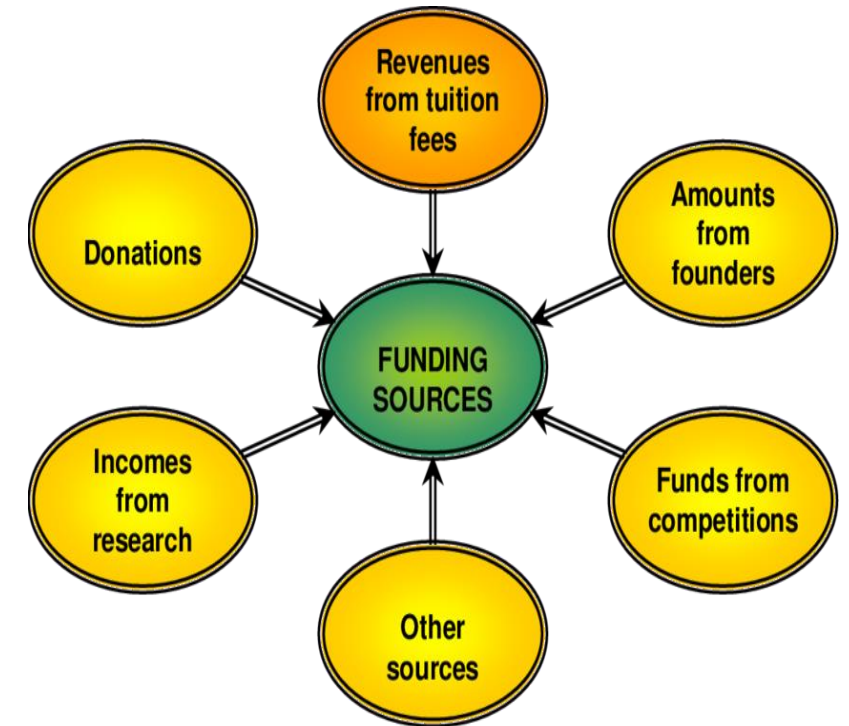
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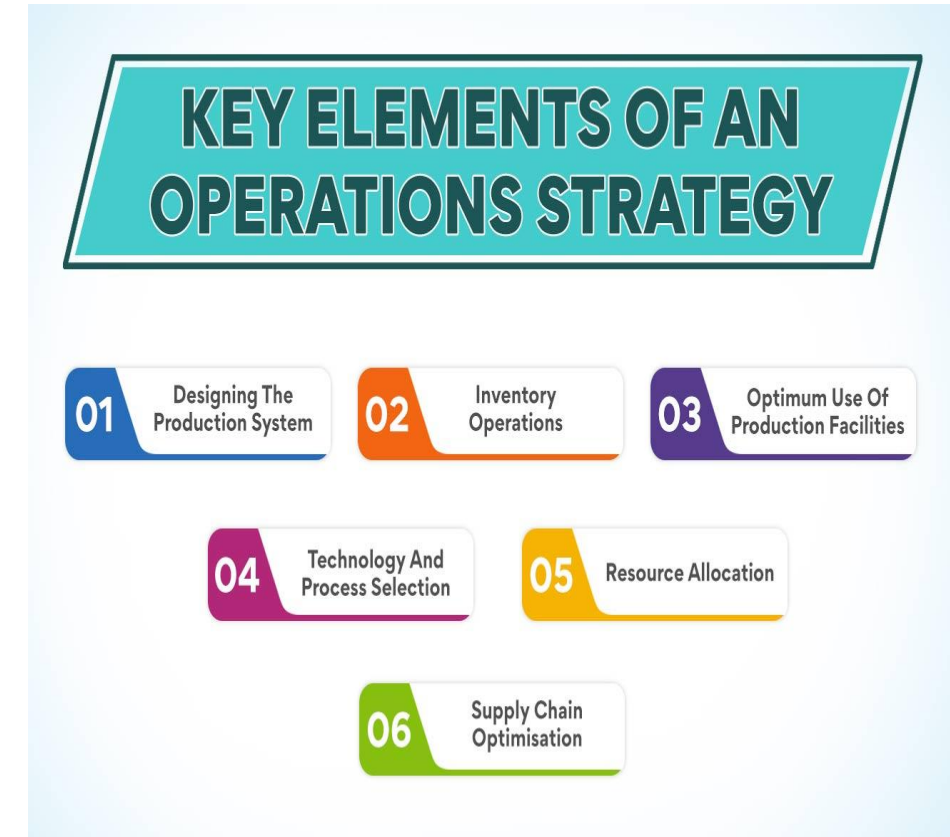


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- The enterprise has also witnessed the investment of the Formula One Racer, Lewis Hamilton in Zapp which is reflecting a strong potential of becoming a leading delivery option in the European market(forbes.com, 2022).
- In addition to that, distinct resources have highlighted that Zapp utilized the services of JP Morgan in concluding the investment and fund procurement deals that played a dominant role for the startup in raising \$200 million.



Strategies adapted by Zapp for its business operations

- Zapp business facilitates an application for making orders and having them delivered within 20 min or 24 hours, or 7 days depending on the customer's purchase volume and item(Rinaldi *et al.*, 2022).
- To streamline such operations, the company has set up its network of regional Zappstores that stocks sufficient merchandise that is ready for the customer, packed, and shipped within a given timeframe.
- As the business strategy is centered on traveling and reaching target customers, it has employed electric vehicles which thus adhere to sustainability as well as meeting the primary objective which is to fulfill customer needs.
- Each rider gets recruited considering their devotion to satisfy customers by going beyond as a whole.





- Despite quick and easy delivery, it ensures to maintain price, particularly for those segments that are price-sensitive. Since the company's dark store is located in a highly-populated area, it is capable of delivering before the time.
- In this way, the company has been able to improve its pricing structure, marketing campaign, and, supply chain.
- However, to sustain excellent operational performance, Zapp has increased its high-quality product portfolio. Based on the market penetration approach, Zapp is slowly expanding its market to new large cities in the global context owing to its organic growth and strategic partnership strategy.
- When focusing on supply chain management, its key elements are local partnerships for reducing shipping time to reach dark shops. While it's other element is technology that utilised to track orders alone optimizing the inventory level.
- Moreover, its high-volume warehouse and routing algorithm are other elements that possess a high capacity to improve complete operations.

Conclusion

Following the above information presented, it can be stated that Zapp has effectively emerged and positioned itself within the intensified marketplace.

Based on the above evidence, the study has explored every facet including its success story, operational strategies, and approaches.

Analysing the information, it has been discovered that the company has effectively utilised its organic growth strategy which revolves around the dark shops alongside, its suppliers, and technology and so on which assisted in streamlining the operations as a whole.

To sustain such accomplishments, it makes sure to manage both its internal and external environment effectively by facilitating requirements as a whole.



**Thank
You**



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