



The  
Knowledge  
Society

X



instacart

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Improving the shopping experience to drive sales.



# Executive Summary

1

## The Problem

While Instacart customers have found the premise of the company useful, they often find it to be too expensive to use on a weekly basis. This causes customers to go into brick and mortar stores rather than using the platform.

2

## The Solution

We will solve this problem by allowing the customers to feel as if they have control over product prices they choose, though the implementation of a price comparison tool in the Instacart UI.

3

## The Outcome

Therefore, more customers will view Instacart as an affordable option for their grocery needs which will lead to an increase in the conversion rate and revenue. In turn, the shopping experience will be significantly improved.



# Meet Aida Awan

## Frequent Instacart User

We asked a frequent Instacart user about how a lack of comparative shopping hinders her experience with Instacart.

*"It limits what you want to shop for. It limits how much I'm going to spend on the platform (Instacart). I will buy certain products, and for the rest I actually have to go to another store (in-person). I would spend about 30% less of my grocery bill because for the rest I have to go to another store."*

# The Complete **Process:**



The problem is mainly prevalent in step one. Customers find the service too expensive to use on a weekly basis. Many people compare it to the price and inconvenience of just shopping yourself.

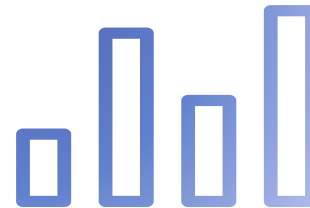
# Objectives

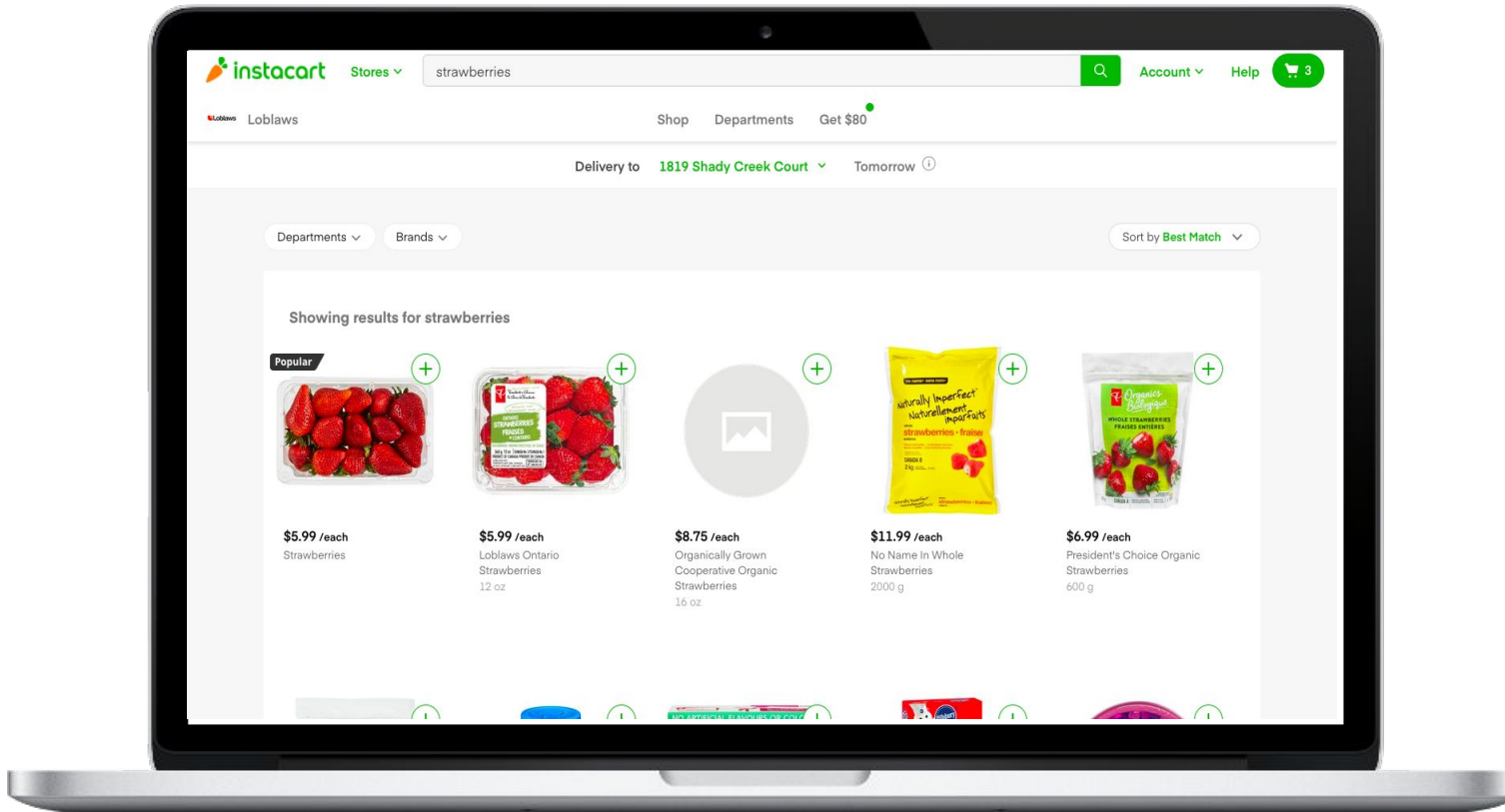
Based on secondary data from review sites, as well as primary data from customer interaction, our group has identified cost as a major inhibiting factor for customers using Instacart. Instacart markups prices on stores that they are not partners with, often making it more expensive for customers to shop at those stores.

In addition, adding a price comparison would not cause all customers to go from one store to another. In turn, it makes customers go through both stores because it will show the best options for those stores, meaning that if one store has a sale the chances of another are likely. This gives instacart a competitive advantage because their competitors don't have this feature.

# Problems

- Pricing is too expensive
- Customers cannot see where the cheapest prices would be
- Going to a grocery store yourself is cheaper
- Shoppers bring you the wrong substitutions





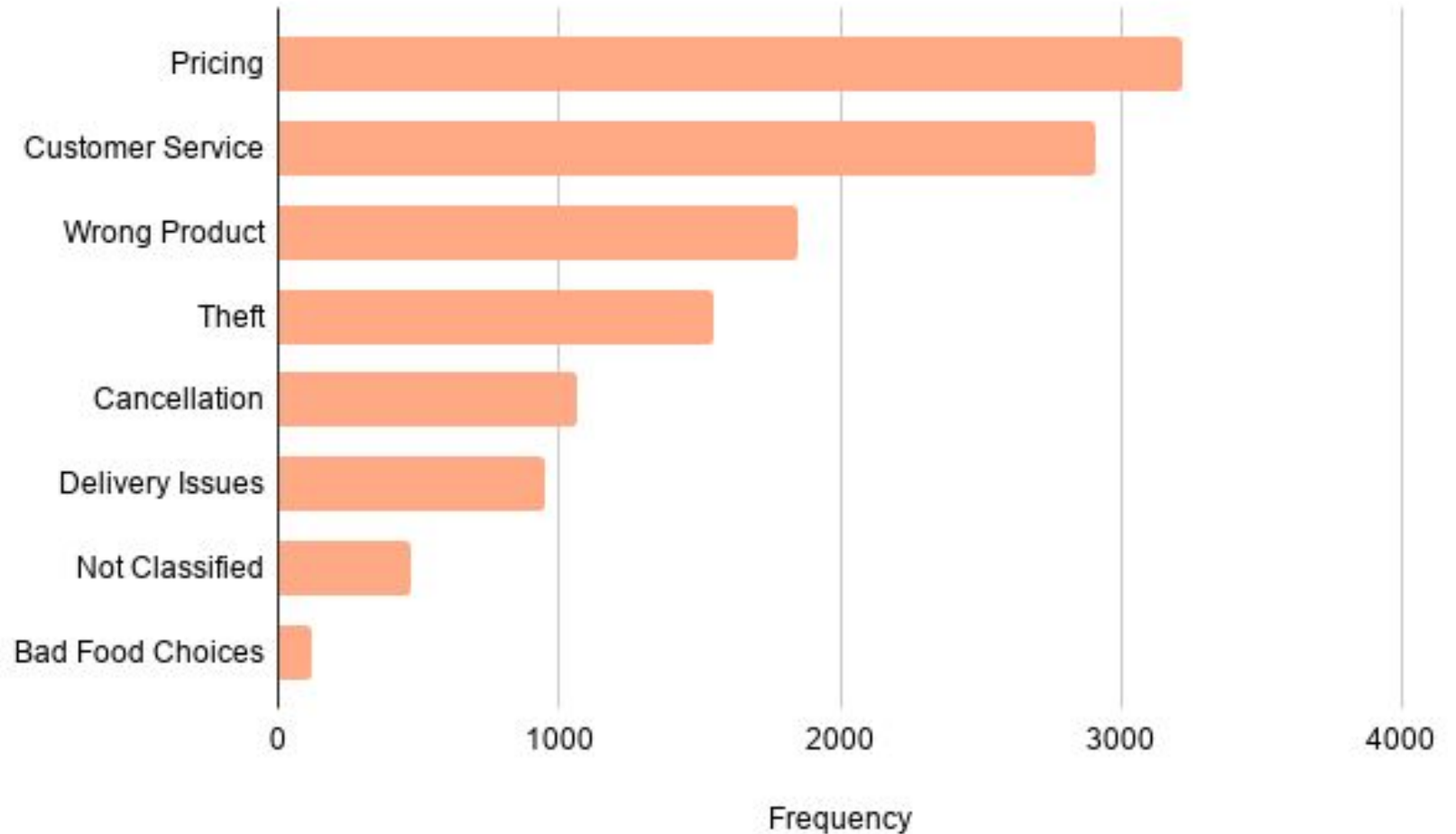
# Instacart's Current Design

Currently, Instacart's UI does not allow for comparative pricing, which restricts their customer base. According to a study done by Oracle 53% of the market no longer feels compelled to comparatively shop elsewhere if a merchant features competitor prices.



# Customer Complaints

Based on data from [Trustpilot](#) and [SiteJabber](#).



# What your Customers are Saying



Vijay

1 review



Oct. 29, 2020

## We bought Costco products from Insta...

We bought Costco products from Insta for which they charged 12\$ for Delivery Service and Tips. But to our shock the prices of products they billed was **at least 20% higher than actual Costco rates** which we came to know when we found Costco receipt in the bag. Wonder why Costco and other cos deal with Insta who bring bad names to them. This is a corrupt practice where both seller and suppliers are hand in gloves to fleece people who wanted to buy on lone due to current scenario. Never trust instacart. Thinking of taking legal action again Insta and Costco for price manipulations .



Barb MacIver

1 review



Nov. 14, 2020

## Sirloin tip roast was on sale this week...

Sirloin tip roast was on sale this week for \$4.49/kg so I ordered one - price on the package was \$10.45 for the roast. Instacart charged me \$23.61 ! Yup more than **twice the price.** I know that when you order, you do not get the special prices especially on things that they just scan by barcode. however, when I contacted them about this, she told me that it is the retailer who resets the prices for them to charge - double checked with Loblaws and they DO NOT have any control over what Instacart charges! Very disappointed as I am a senior and have a disability challenge so cannot get to store myself. I will be looking for an alternative delivery service for sure!



JO

1 review



Nov. 6, 2020

## They charged the price 30% higher!

They charged the price 30% higher from the store price list!! Like seriously?? I've paid the \$6.99 delivery fee, 5% service fee, and tip, yet they charged all my shopping list 30% higher???

I got products labeled with the price from the store, and I realized that on my instacart receipt, it's 30% higher. So basically, my shopping list worth not more than **\$50, yet got charged for more than \$65.** RIDICULOUS!! Do NOT use this service. It's a ripped off for people who don't know



Maddie Lender

1 review



Nov. 3, 2020

## instacart a rip-off...

I have been using instacart because I'm in the age and health group for covid. I have ignore the fact that these people overcharge like crazy even if they pick food which is being curbside. Today my bill from instacart was \$256.00 for the food, \$3.99 for delivery fee plus \$3.76 sales tax plus \$12.80 for tip and another \$12.80 for their service fee a total charge on my debit of \$289.35. Receipt from Publix was \$229.54 plus \$3.40 for tax a total of \$232.94. Now subtract \$232.94 from #289.35 a total of \$56.41 charge for their service. I understand the delivery fee, service fee and tip is all acceptable to me but the **extra \$26+ dollars** that comes from them adding to each item is a Rip off for me. Will not use them again. Done getting Rip-off.



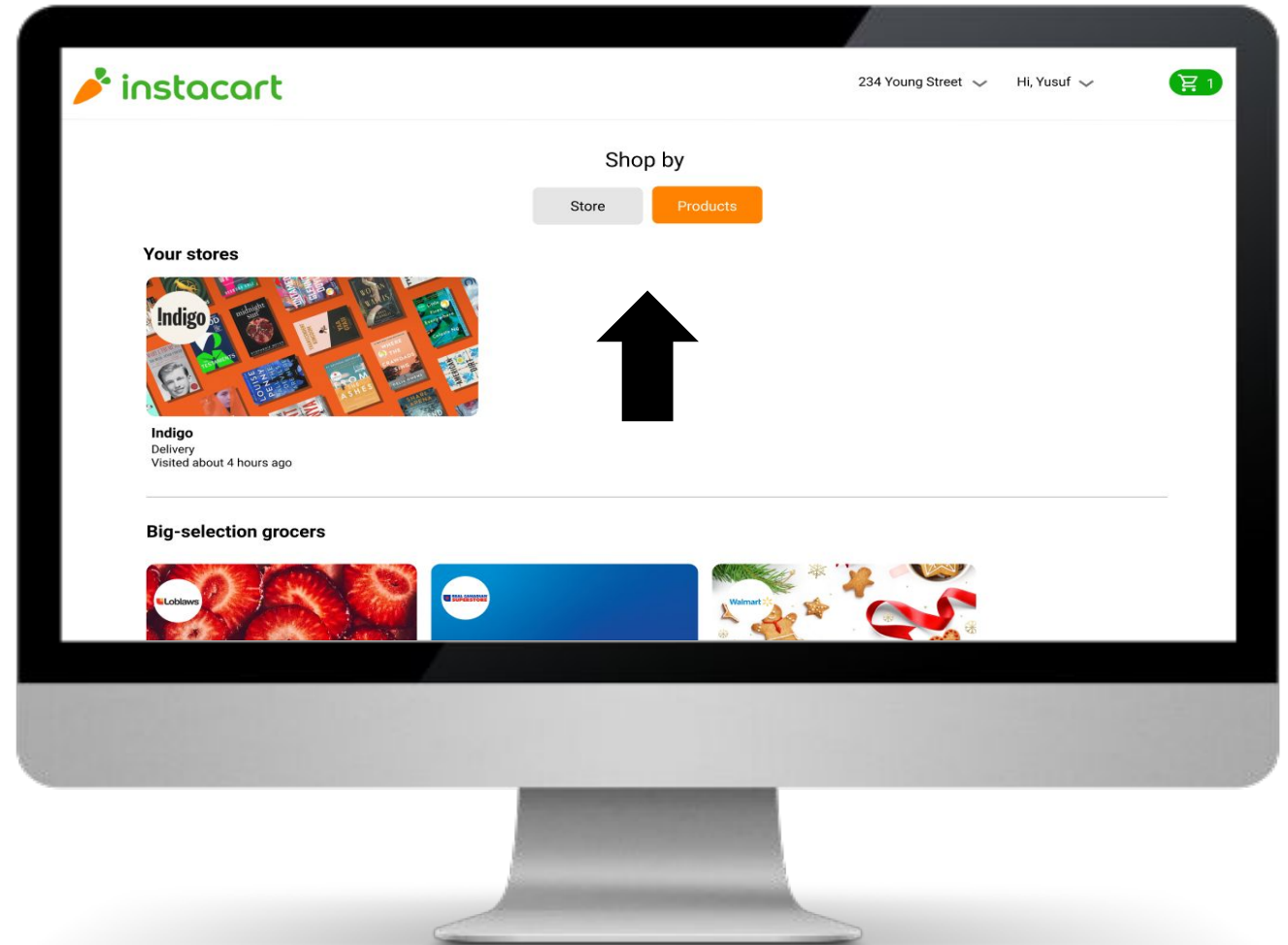
# Our Proposal

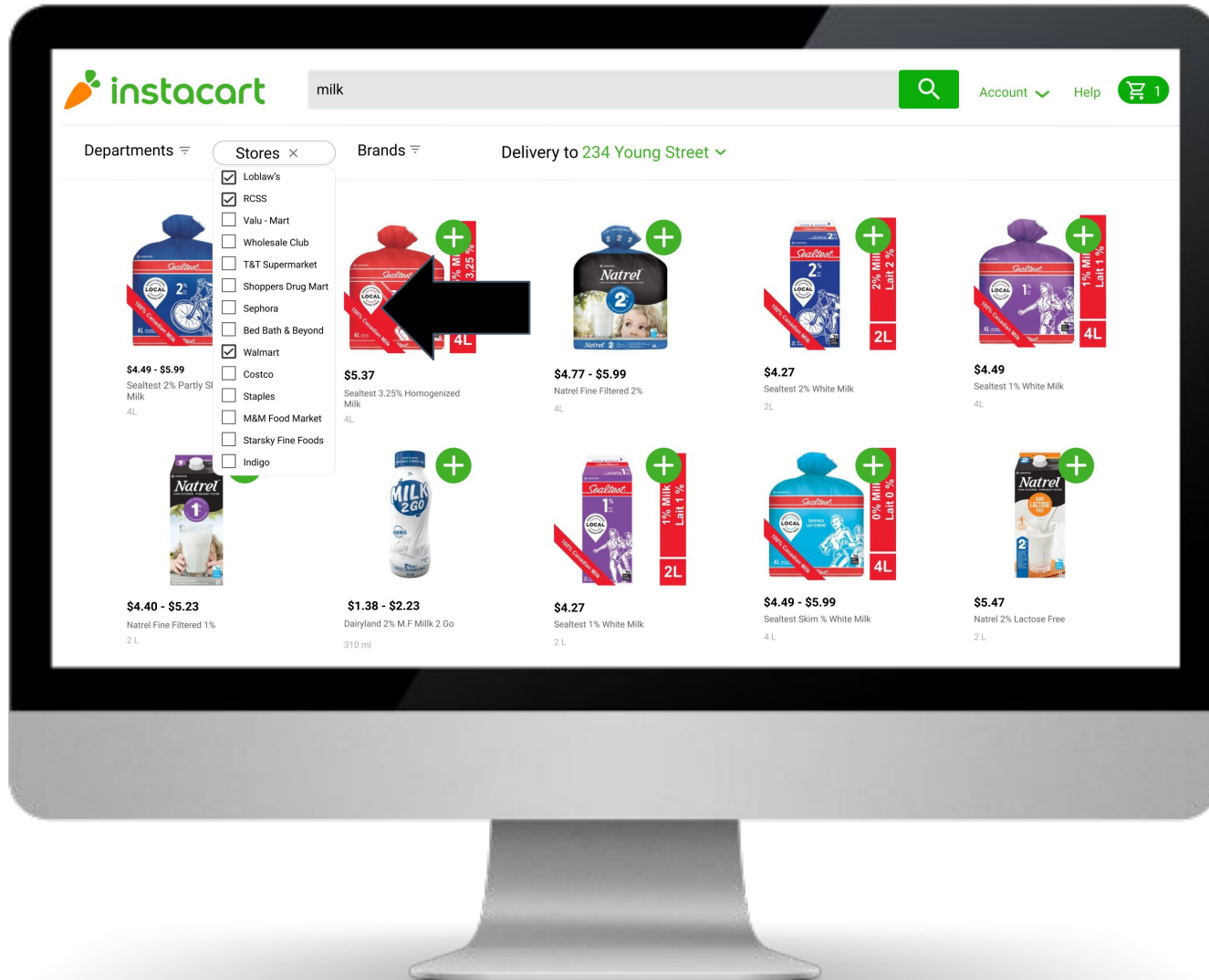
Improved user interface and user experience  
to increase customer traffic

# Product Section

Previously, instacart only allowed searching by store.

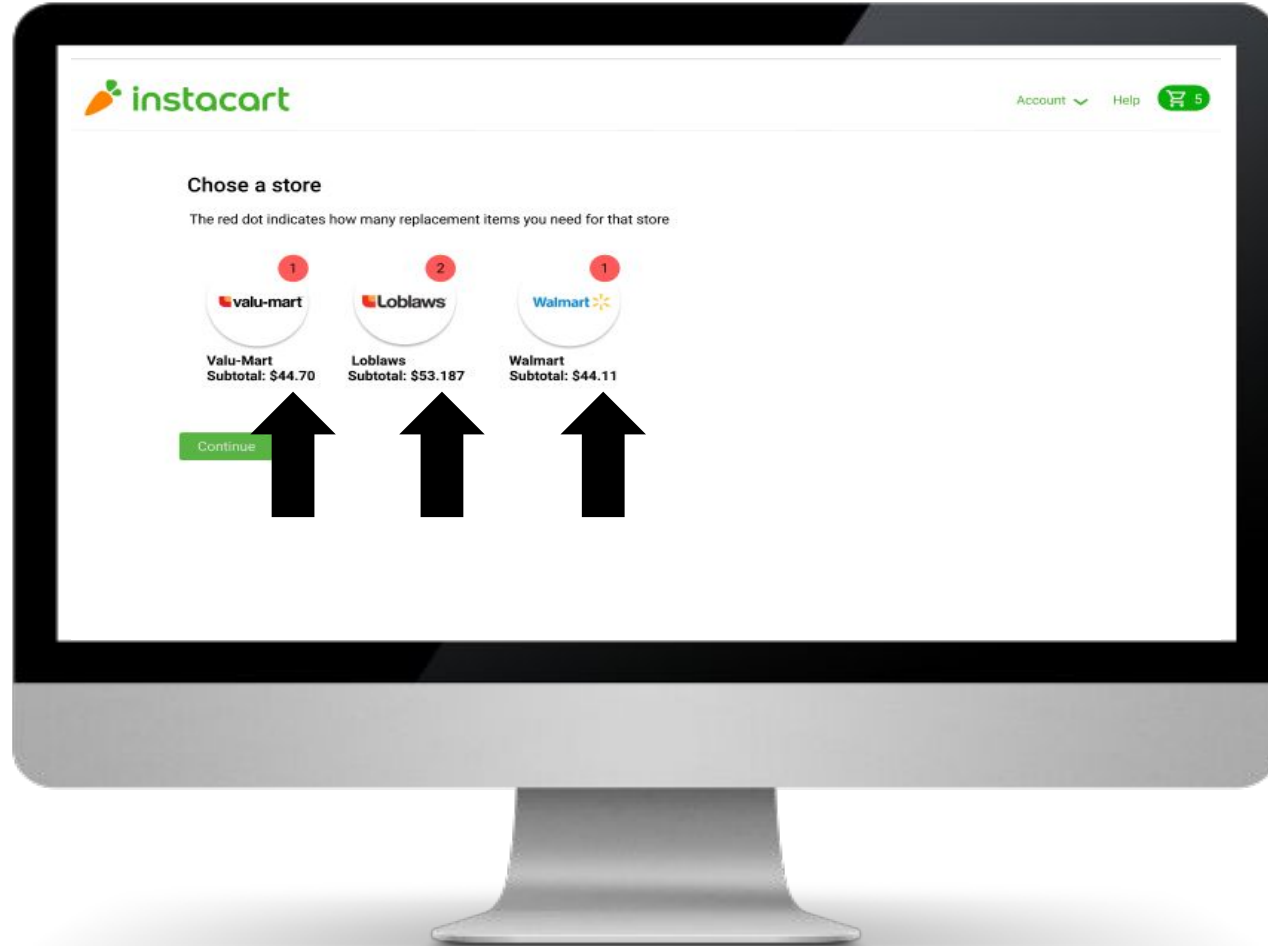
Everything will run as normal but the main thing added is the shop by product. Our new feature will allow users to add items to their cart without specifying what store they want to get it from or worrying about if they are picking the cheapest option.





# Filters

Everything else will continue in the same way, but we also added the store filters, so they can search specific stores if they would like. **Allowing a search by store will solve the problem of having too many options.**



# Price Comparisons

Everything that was previously added to your cart will be separated by store. It shows how much it will cost at each store.

This allows users to get the best price right away and in this case, the user can save up to 17% (real prices).

**Before, customers felt ripped off and started comparing prices from other stores and getting the groceries themselves.**



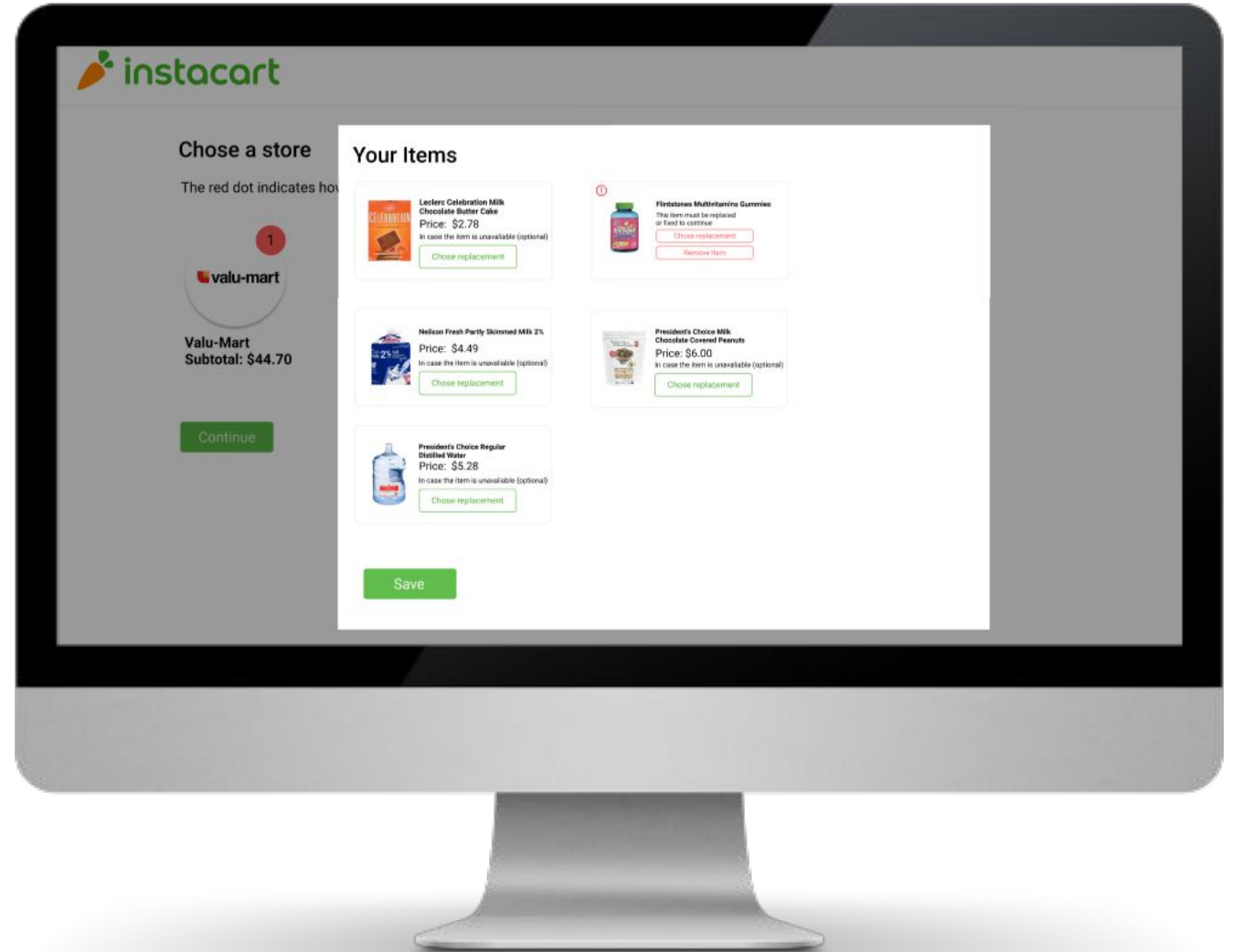
# Real Comparative Shopping Prices

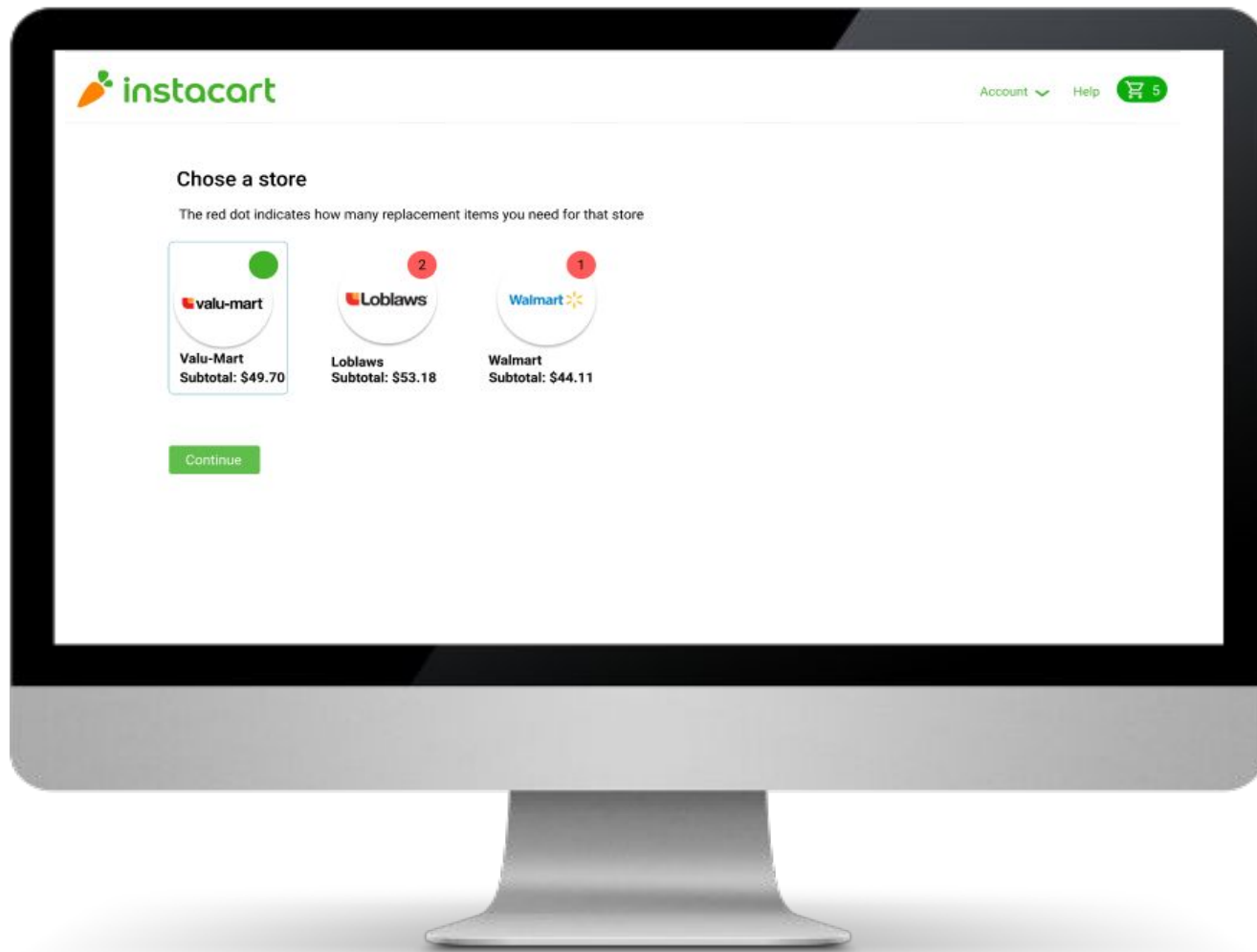
Item	Instacart Walmart	Instacart Valu-mart	Instacart Loblaws
Milk	\$4.49	\$9.29	\$4.49
English Muffins	\$1.47	\$2.24	\$1.79
Eggs	\$2.84	\$1.99	\$2.89
Cheerios	\$3.97	\$4.99	\$4.29
Grapes	\$5.45	\$4.39	\$8.99
Bananas	\$1.21	\$2.62	\$1.26
Spinach	\$5.97	\$2.19	\$6.49
Ground Beef	\$10.00	\$11.00	\$7.00
Kraft Dinner	\$4.74	\$2.00	\$6.99
Granola Bars	\$3.97	\$8.99	\$8.99
<b>Subtotal:</b>	<b>\$44.11</b>	<b>\$49.70</b>	<b>\$53.18</b>

# Replacement Items

An issue that many customers face is **getting the wrong product if it's out of stock**. We made it mandatory to have replacements.

We will have default substitutions for most products but for more unique products, they will choose it. If there is no substitution chosen, you will not be able to continue and it won't add that product to the subtotal.







## Final Step

After the substitution is chosen, the circle will turn green and you can continue. **This allows the user to receive the right products for the cheapest price.**

# Confused?

Here's 2 min video explaining the whole thing:




234 Young Street ▾ Hi, Yusuf ▾ 

Shop by

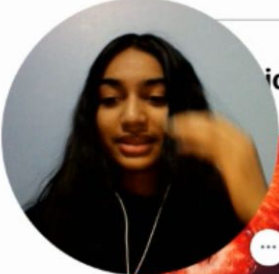
Store Products

Your stores




1.00


**Indigo**  
Delivery  
Visited about 4 hours ago




ion grocers



4:57









# Impact

What are the results of the solution?



# Grocer Impact

By implementing comparison shopping, Instacart will create competition between retailers featured on their website. The grocers will:

- Have a larger consumer base to work with as they can access customers who weren't previously inclined to their brand
- 
- Selectively lower prices to draw in customers and therefore increase their revenue.

The prices will fluctuate depending on the different types and amount of the items. This is a situation that can apply to many different families so the price comparison will give stores many new customers and revenue.

# Store Impact

Jitanjali Datt is used to going to Loblaw's and always chooses it over other stores because it's closer to her. Even when she recently ordered from Instacart, she chose the store Loblaws because that is the store she knew. With the price comparison, it showed that the same amount of items are cheaper at Walmart([Refer to Slide 14](#)) and she saves **17%**.

Natalie's mom habitually goes to Loblaws due to its close proximity to her house. This recurrent habit caused her to select Loblaws whenever she shopped from Instacart as it provided a sense of familiarity. Even though prices were cheaper at Walmart, Jitanjali chose the grocer that she was attached to.



Jitanjali Datt



# Customer Impact

Neelam Patani buys her groceries every 2 weeks and follows a certain procedure, similar to many others, while grocery shopping. She writes down her groceries on a list and goes on a price comparison app like Reebees or Flipp. This takes around **half an hour** of extra time and she saves around 15-20% each trip. Many people would love to have the opportunity to do so but it's not something they have the time to do.

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A study by the e-tailing group, proves that many customers go out of their way to find the lowest price.

- “36% spend 30+ minutes comparison shopping before making a decision on purchasing a commodity product”
- “65% spend 16+ minutes doing so”
- “51% visit 4+ sites before finalizing a purchase.”
- “58% expect all retailers of commodity products to incorporate a kind of on-site comparative pricing tool into their shopping experience.”

Adding a price comparison feature would draw people to instacart because they would be saving more money than the service fee of Instacart.



**Neelam Patani**



# Instacart Impact

1 Get more customer traffic without paying any extra costs or fees.

2 Customers feel a sense of control over their purchases when presented with price options. This will drive the valuation for the consumers up causing, Instacart to receive more customers. As a result, Instacart does not have to reduce fees, shipping costs, tips, etc to improve the shopping experience.

3 Increase bounce rate - adding the idea of a “budget-friendly” UI - ie. expands consumer base.

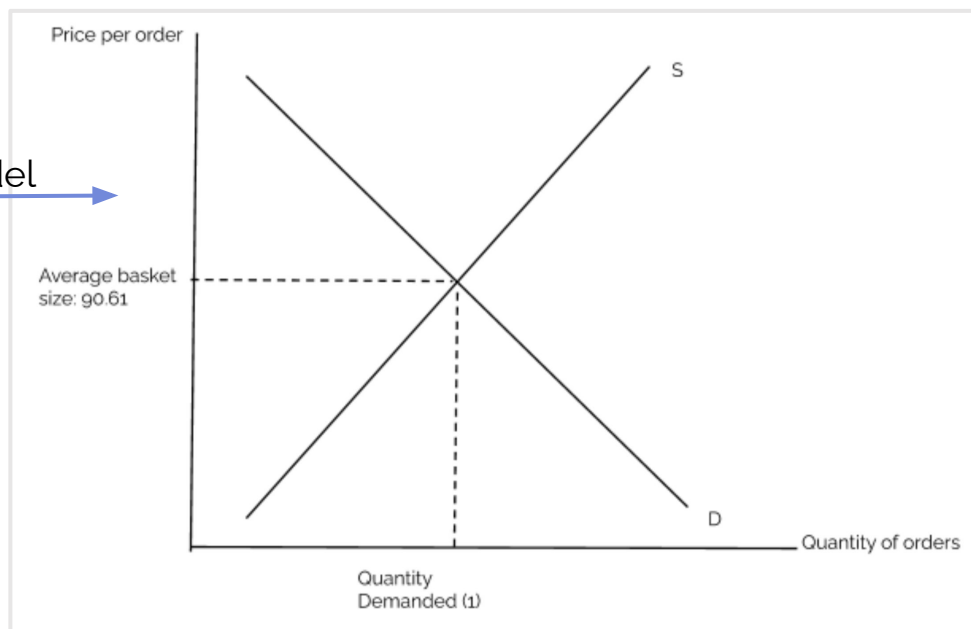
1 78% of customers are likely to return to a retailer who shows competitor prices.

2 53% of customers no longer feel compelled to comparison shop elsewhere if a merchant features competitor prices.

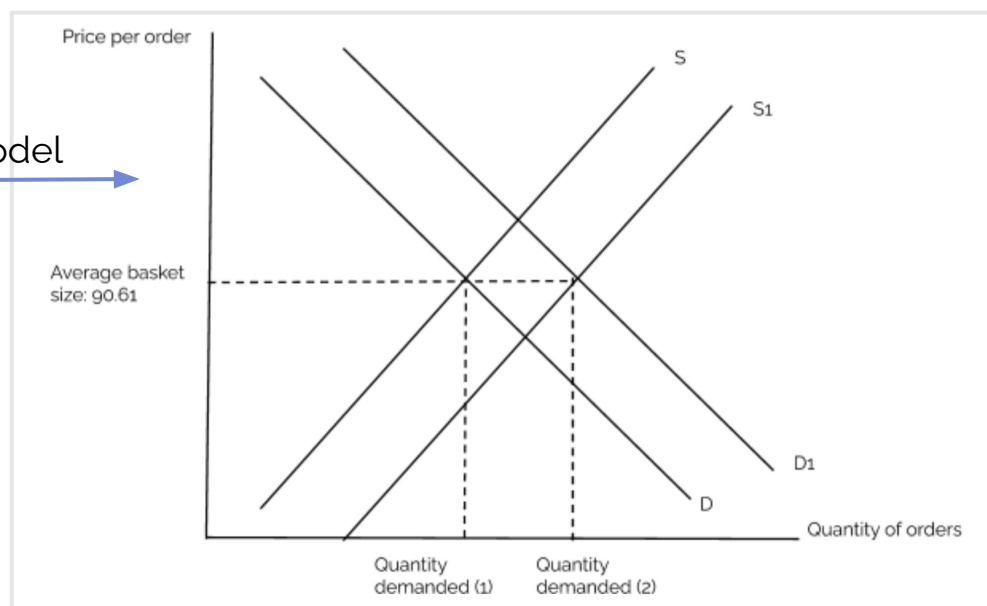
3 94% of shoppers invest time into purchasing commodities (or in our case groceries!). This price feature will drive new foot traffic into the UI and increase the bounce rate from 47.36%.

# An Analysis of Supply and Demand

Old Model



New Model



- **Supply:** Customers have never had access to the full instacart catalog before. Previously, if they wanted bananas, they only had access to one store's bananas. Now, consumers can see the entire Instacart grocery supply and choose from more options. This increase in options, shifts the supply curve to the right.
- **Demand:** Customers feel a sense of control over their purchases when presented with price options. They feel as if they are saving money. This will drive the valuation for the consumers up, causing the demand curve to shift to the right.
- **Outcome:** In the shifting on both supply and demand, price doesn't change. However, quantity demanded of the product increases, changing Instacart's revenue from  $(QD1 \times 90.61)$  to  $(QD2 \times 90.61)$ .



A photograph of a grocery store aisle, likely a produce section. In the foreground, there are large bins filled with various fruits, including red apples and green apples. Above the bins, several signs are hanging from a metal rack. One sign on the left says "Pineapple \$1.99". Another sign in the center says "FOOD". To the right, a sign for "Granny Smith Apples" is visible, priced at \$1.99. Further right, there are signs that say "I'M FROM AROUND HERE" and "TO BUY LOCAL". The background shows more shelves and signs, creating a typical grocery store environment.

# 15-20%

This the amount users  
save with the price  
comparison feature.

# 5-10%

This the percentage  
of Instacart's regular  
service tax

# 5-10%

This the how much a  
user would save overall  
using the new feature.

# Next Steps



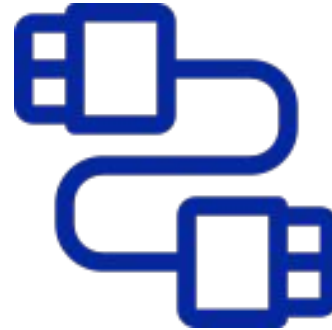
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**Evaluate the price** of implementing this user interface.



2

**Connect the databases** of products for the ability to search



3

**Implement the user interface** from the prototype



4

**Do QA** on the website to make sure there are no bugs.



# Cost Breakdown

8 hours a day. Paying 3 developers \$45/hour and 1 designer \$25/hour.



## 2 days to refine design

Make small changes required to ensure all the design details are carefully thought out and match the branding.



## 7 days for the backend

Work on getting the data ready and making the functionality in the server for the new functionalities



## 6 days for QA

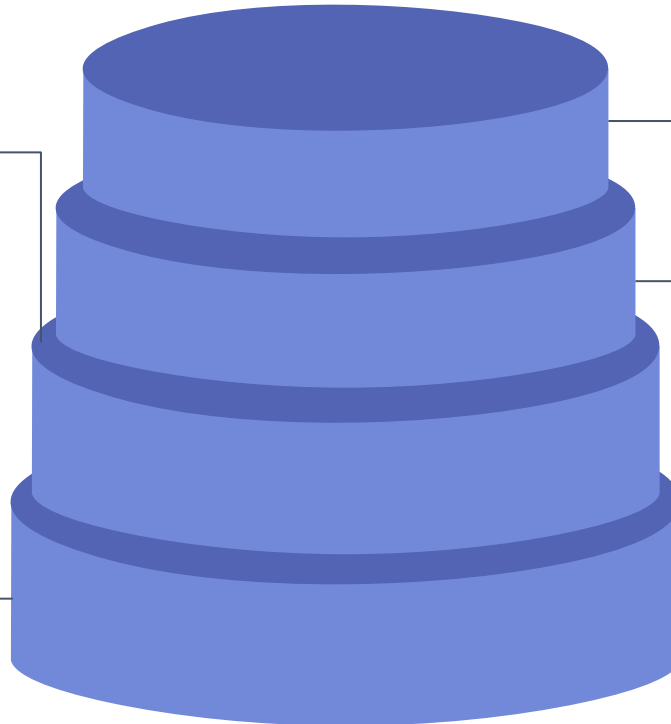
Make sure all the bugs are fixed before production



## 4 days to create the UI

Integrate the database and the front end by creating the asses functionalities.

**\$18,760**



# On a more personal note

Hi Instacart,

We would like to thank you for giving us the chance to work with a real life problem. Grocery shopping is something that everyone has to do and making this process more efficient could save people a lot of time.

In doing this challenge, before diving into the research we started thinking about why we don't use Instacart and what's stopping us from doing so. Our solution embodies what not only other customers want but what we would find valuable from a shopping platform. We asked ourselves what we wanted and other people agreed that the solution we found is something they would look forward to.

We would like to thank you for giving us the opportunity to explore and learn new skills. You helped us gain an immense amount of experience and we hope our solution shall make a difference in your company.

- Natalie, Nicholas, Varsha and Yusuf



Natalie Abboud



Nicholas Singh



Varsha Prasad



Yusuf Baig

