# Airlift technologies: Reinventing the grocery wheel in Pakistan

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## KeyWords

Digital Marketing, ecosystem, logistic solutions, online grocery, Startup in Pakistan, self-empowering business, transit business to online grocery.

## ABSTRACT

Usman Gul, chief official officer (CEO) and proprietor of Airlift, a company that gives last-mile conveyance of foodstuffs, To begin with, Pakistan benefit that conveys groceries at your doorstep in 30 minutes construct a setup of the distribution center that produces simple for quick conveyance and Utilized mass media vehicles. The organization began with a travel transport benefit in Lahore and extended to Karachi. Over time, this once one-room trade developed into a full-fledged company. But as the In the midst of Covid-19, Airlift stopped operations on the travel benefit, acting within the best interest of their customers. presented an online grocery service in Pakistan in July 2020, with the title of "Airlift Express" bringing $10 Million in outside ventures. With progressing consolation with online payment alternatives such as cash-on-delivery, Pakistani buyers are presently very comfortable requesting foodstuffs and gadgets, as well as attire, online.

## INTRODUCTION

*"A year ago, Airlift halted operations on the transit service and diversified into last-mile grocery delivery. Today, our team closed $85m in Series B financing to scale our delivery platform across continents. With this financing, we as Pakistanis must return to where we started — fighting against the odds and staying true to our core values of hustle, teamwork, resourcefulness, and bias to action. If this is the journey of a thousand miles, we have taken only the first step!" -Usman Gul (Co-Founder and CEO).*

Usman Gul was born and raised in Lahore (Pakistan) but has spent the last 10 years in the US. After completing undergraduate studies in Ohio (US), He moved to New York to join MasterCard's Leadership Development Program. Most recently, He was part of the early team at DoorDash [1]'s headquarters in San Francisco..[2]

In March 2019, Usman Gul Airlift's CEO along with a small team founded the Airlift and launched its operations with a pilot project in Lahore. He plans to build a mass transit network in service of building for self-empowerment, bringing independence and self-reliance to the mass population in the developing world[3]. Usman Gul is on a mission to build the world's first decentralized mass transit system, one that is built by local transporters for local populations.

He initially self-funded the startup using US$ 50,000. As of July 2019, the company operated in two Pakistani cities, Karachi and Lahore. In August 2019, Airlift raised $2.2 million seed funding from local and international institutions. According to a report, Airlift acquired 50,000 riders in Lahore in less than five months of its operations. In November 2019, the company raised Series A funding of $12 million. They initially started as a transit service, offering a technology-enabled mass transit platform for consumers in Pakistan.

## BACKGROUND

Founded in 2019, Company is on a mission to build a world of self-empowerment using technology-backed logistics solutions that enable safe, reliable, and affordable access to necessities. Our biggest challenge early on was to raise capital when Usman Gul(CEO) had nothing more than an idea on a napkin. Yusuf Jan, Saurav Ray, KD, and Ali Cheema were the first four angel investors who believed in Company when Airlift was nothing more than an idea[4].

Airlift scaled Pakistan's biggest decentralized transportation arrange to alter the way individuals move, moving absent from private vehicles towards shared portability and reasonable mass transport. Within ten months of launch, Airlift's technology-enabled mass transit platform was serving millions of daily commuters across Pakistan. Over 1,000 bus owners ran public routes to serve customers on the platform. Amidst Covid-19, Airlift halted operations on the transit service, acting in the best interest of their customers[5]. In March 2020, their team announced a nationwide suspension of transit operations to play their part in preventing the spread of the Coronavirus.

In July 2020, Airlift diversified into last-mile delivery through Airlift Express, delivering essentials across households in 30 minutes across nine cities in Pakistan, and also launched across South Africa. Airlift Express spans food supplies, household supplies, pharmacy, stationery, pet food, fresh fruits and vegetables, small electronics, and more. On its mission to enable self-empowerment in the region, Airlift raised USD 110m+ in venture financing. With improving comfort with online payment options such as cash-on-delivery, and online payments, Pakistani buyers are now quite comfortable ordering groceries and electronics, as well as apparel, online. At the same time, increasing penetration of internet connectivity and splurging popularity of online shopping has tempted many budding entrepreneurs. However, the share of online grocery purchases is meager in the realm of the digital shopper.

Airlift is offering 30-minute delivery of all household essentials from a network of dark stores. On application, customers can place orders for all household essentials (including groceries, sports, stationery, everyday electronics, etc.) and have these delivered within 30 minutes to their doorstep. Within 12 months of launch, the Airlift team has scaled operations to 8 different cities in Pakistan, and has closed $85m in Series B financing to scale operations to international markets.

At Airlift, one of the core principles is to embody the spirit of a "doer" i.e. to not wait around for perfectly complete information to make informed decisions. As a growing business that takes on new challenges every day, we often find ourselves in these situations. The approach, generally, is to do what is required – if it goes well, the company celebrates, if it fails, the company learns. –

Within the long run, Company sees culture as an uncommon frame of feasible competitive advantage. There's a fun twist though. Airlift's team is composed of diverse individuals. We see this diversity regarding personality traits, age, educational background, experience, domain expertise, beliefs, worldviews, gender, lifestyle choices, and more.

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[1] DoorDash is the largest food delivery company in the US valued at $12.6B

[2] https://www.menabytes.com/interview-airlift-usman-gul/

[3] https://www.linkedin.com/company/airlifttechnologies/?originalSubdomain=pk

[4] https://www.menabytes.com/interview-airlift-usman-gul/

[5] https://airlifttech.com/blog/

## ONLINE GROCERY OPPORTUNITY IN PAKISTAN

Most grocery shopping in Pakistan is done in cramped-up stores that offer limited options. As a result, urbanites are increasingly preferring modern retail formats such as supermarkets and hypermarkets. Having said that, e-grocers are picking up as more and more shoppers are willing to pay extra for the convenience of not having to deal with traffic and parking problems.

The Pakistani food and grocery retail market had total revenues of $59.3bn in 2018, representing a compound annual growth rate (CAGR)[6] of 8.4% between 2014 and 2018. - The Food segment was the market's most lucrative in 2018, with total revenues of $47.1bn, equivalent to 79.4% of the market's overall value[7].

With the growth of nuclear urban families, the spawning of digital shoppers, and the rising disposable incomes, grocery trends are also changing. According to a study, 85 percent of those who prefer the e-grocery mode of purchase are in the age bracket of 22-45 years. Then this raises a few questions as to what are the unique selling propositions that compel digital shoppers to go online and buy groceries. One of the employees of Airlift explains that it is because of the convenience of shopping within the premises of a comfortable zone and to avoid crowds, haggling over prices, rising conveyance costs, and ease of delivery. To manage warehouse inventory, Airlift has a dedicated team that does market surveys and identifies quality brokers and then, after adequate research has been performed, makes them Airlift partners. The company is proactive in understanding consumer settlements and catchment areas, further through consumer interactions to build potential Airlift partners. Although there are a lot of e-grocery stores in the market, Usman Gul(CEO) believes that by operating a complex network of dark stores and mid-fulfillment centers, our platform brings efficiency and convenience to the traditional retail space. Product decisions and prioritization are some of the most vigorously debated discussions. The company's view is that product decisions must constantly be driven by a consumer-first mindset. Airlift's platform offers customers access to over 5,000 SKUs[8], spread out across categories. Through supply chain innovation, our platform brings the highest quality of fresh produce at the lowest possible cost. Ultimately our vision is to build a framer-to-customer distribution channel that brings mass efficiencies to the distribution chain.

## MARKETING EFFORTS

For the first touch-point, Airlift understood that the customer, while creating the shopping list, needs to be reminded of the brand. Any offer-related information at this stage can be of great use. Airlift offers Rewards points that take brands into the household and influence the consumers when they create their shopping lists. Airlift rewards help the increasing reach and also the ability to influence the buying behavior of consumers for grocery shopping.

The Brand Engagement Center on Airlift Express helps brands to get more than just a digital presence. It ensures brand visibility with access to relevant rich shoppers and category analytics. Through past purchase behavior-based reach out, ensures shopper engagement by suitable shopper intercepts and intelligent path of purchase marketing. It positions itself as a transaction-ready brand store as it ensures last-mile fulfillment via its 60+ warehouse from the "mobile application to doorstep"[9] in 30 minutes. It also helps to cash in on repeat customers by saving in their shopping list added to the cart online.

However, with these consistent marketing efforts, it also realizes the current pain point. Besides mass media, there is no way to influence a consumer who orders their grocery sitting at home. With mass media vehicles, there is often a time lag between the point for a brand when the customer is exposed to the advertisement and the point they place an order. Brand investments at the store keep going up. However, the number of consumers visiting the stores keeps going down. In some localities in metro cities, up to 80 percent of the neighborhoods order on the phone and do not visit stores. Therefore, it is necessary to influence the customer at two critical touch-points: when the consumer is creating the shopping list and when the consumer is ordering on the phone.

Airlift Express, through these technological interventions, charges a premium for following these modes of operations:

- Basic: No data generation.
- Advanced: Data generation is possible; however, this is on existing numbers of consumers from transit base service.
- Exclusive: The specific (new) number will take orders only on the brand.

### The value proposition for target consumers'

E-grocery is challenging with thinner margins and constrained logistics issues; however, it has the advantage of catering to

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repeat customers, the reason being that customer grocery shopping lists remain more or less consistent. These high repeat customers can catapult profits if they are synergized with individualized discounts and grocery promotions. Thus, it becomes pertinent to identify and impress the target customer with the first order. Once a customer is satisfied, one can build a regular clientele through positive word of mouth and referral discounts. This growing list of regular customers means that there are a lot of households that are procuring all of their groceries through Airlift Express. "On Fridays and Saturdays, we see an increase in the number of orders. It is highest in the first weekend of the month" - Airlift employee.

Therefore, it becomes important to understand the target consumers. Airlift defines its target consumers as families with parents under the age of 40 years, well-qualified, and working in jobs that require them to dedicate time and effort. The family sizes are small (nuclear) and are limited to couples and their kids. Focus is on "achieving" a better and higher quality of lifestyle, both at and away from work. Economic needs and qualifications mean that both parents (and kids) lead a hectic and stressful lifestyle. Travel time to and from work is extensive and tiring yet unavoidable. They are extensively dependent on domestic help to ensure household chores are addressed. Their work environment ensures that they have ample access, not only to computers but also to high-speed connectivity.

The Airlift Express App promises to revolutionize grocery buying by providing the customer with the following key benefits:
- The convenience of making shopping lists on the Airlift Express App. This is particularly important because grocery buying is shopping list-driven and the products on the list do not change significantly over some time.
- Explore the inventory and redeem the offers and deals.
- Easily order the household needs and get them home delivered within 30 minutes.

## REVENUE MODEL: PREMIUM OPT-IN SERVICES FOR BRANDS

Airlift's platform offers customers access to over 5,000 SKUs[10], spread out across categories. Through supply chain innovation, our platform brings the highest quality of fresh produce at the lowest possible cost. Ultimately our vision is to build a framer-to-customer distribution channel that brings mass efficiencies to the distribution chain[11]. Airlift operates an advanced network of mid-fulfillment centers that receive inventory from manufacturers and suppliers. By using artificial intelligence to forecast demand, our platform moves consumer goods from fulfillment
centers to dark stores, and ultimately to our customers.

Airlift's algorithms constantly study trends in consumer demand and identify patterns to replenish dark stores. For each order delivered via our platform, there are more than 22 technology-enabled backend processes that must work flawlessly.[12]

**Exhibit 1.1**

| Lines of business | Direct to customers (Grocery delivery) | In App Advertisement | Platform as a marketplace |
|---|---|---|---|
| Who Pays | Customer getting the groceries delivered | Suppliers looking to advertise their product on the app | Supplier looking to use the platform to sell its product on the platform |
| For What Is Paid | The groceries being delivered in 30 minutes | Advertisement of the supplier's product in the app | Fee/remission for using the customer base of the platform |
| What Is Paid | Customers pay cash | Suppliers pays the invoice for the campaign | Supplier is billed a monthly fee |
| How Are You Paid | Cash is paid via payment methods that include cash on delivery and card payment | Advertisement units are billed in an invoice that is paid off by the supplier | The platform fee and usage of the platform is billed by the platform and is paid off in cash |
| How Much Is Paid | The amount of the groceries ordered and the service fee if any are changed to the customer. | The advertisement units are agreed on a custom basis and every unit used by the supplier is charged at a fixed rate. | The standard tier fee is charged to the supplier. The tiers are divided by the level of features required from standard to advanced levels of usage |

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[10] Stock keeping unit
[11] https://airlifttech.com/airlift-express/
[12] See Exhibit 1 for detail model

## CONCLUSION

The startup is also planning on paving the way for 200,000 jobs in Pakistan within the next five years. Airlift's biggest success thus far is the caliber and quality of the team that we've built.

## ACKNOWLEDGMENT

## SYNOPSIS

Usman Gul, chief executive officer (CEO) and owner of Airlift, a company that provides last-mile delivery of groceries, First Pakistan service that delivers groceries at your doorstep in 30 minutes build a setup of the warehouse that makes easy for fast delivery and Used mass media vehicles. The organization, Started with a transit bus service in Lahore and expanded to Karachi. Over time, this once one-room business grew into a full-fledged company. But as the Amidst Covid-19, Airlift halted operations on the transit service, acting in the best interest of their customers. introduced an online grocery service in Pakistan in July 2020, with the name of "Airlift Express" bringing $10 Million in foreign investment. With improving comfort with online payment options such as cash-on-delivery, Pakistani buyers are now quite comfortable ordering groceries and electronics, as well as apparel, online. The CEO is on a mission to build the rails of commerce in the developing world. The CEO needs to build a platform that currently offers 30-minute delivery for all household essentials across 8 cities in Pakistan. Our vision is to build a platform for self-empowerment that creates agency for all stakeholders. Airlift has raised $110m+ from top-tier investors across the globe.

## OBJECTIVES AND TARGET AUDIENCE

This case study was written for undergraduate classes in business and public administration. It can be taught in courses on e-commerce, digital marketing, and online Groceries. The case is helpful in teaching students the practicality of the E-commerce revenue model. The purpose of the case is to familiarize students with real-life marketing issues that prevail in the industry. The issues, in this case, are specific to a diversity of business nature and surviving in covid situations; however, by analyzing this case, students will gain insight into delivery issues that the company faces during growth. The case study encourages students to conduct in-depth research on growing q-commerce trends.

### Assignment Questions

1. How does Airlift attract more customers and increase the order frequency of repeat customers?
2. What marketing efforts do you do at the initial stage?
3. What competition forces are there at Airlift?
4. Please share the revenue model: Marketing

## TEACHING PLAN

The case can be best taught in a 90-minute class with students preparing the case study and readings in advance. One suggested breakdown of instruction is as follows:

| Task | Timeline |
|---|---|
| Break students into groups: three or four groups, five or six students in each group. | 5 minutes |
| Question 1 | 20 minutes |
| Discuss: Every group should give one reason at the beginning of the class. Jot these down on the board. Ask students why they consider their reason to be a major Possibility. List all possible strategies and discuss why some of them are more significant than others. Any strategy that does fit to increase the frequency of customers is causing the company a financial benefit can be treated as a major concern. | |
| Question 2 | 20 minutes |
| Discuss: The response to this question is to be discussed in the context of the Marketing strategies. If the discussion is left open, multiple answers from different disciplines will emerge, which can result in a debate without a conclusion. The best method for discussing this question has been provided in the following analysis. | |
| Question 3 | 10 minutes |
| Discuss: Students should be encouraged to think about the possible competitors and | |

| | |
|---|---|
| challenges that e-commerce start-up faces. This will help them understand the practicality of each approach. A good technique is to get them to draw up a table for comparisons. | |
| Question 4 | 25 minutes |
| Discuss: All groups are required to develop a revenue model and strategy to solve the issues using the e-commerce revenue model. Give every group five to seven minutes to present their revenue model. | |
| Conclude and close the case | 10 minutes |
| Total | 90 minutes |

## ANALYSIS

### 1. How does Airlift attract more customers and increase the order frequency of repeat customers?

Average repeat purchase rates for eCommerce companies fall between 20 to 40% in most studies. "If you can get 20–30% of your customers coming back every month and making a purchase from you, then you should do pretty well."[1] Once a customer returns for a second time, their likelihood of purchasing again jumps to 45%. The fourth time a customer returns, the odds of them buying again jump to 56%![2]

Take time to build your understanding of the dashboards in your marketing platform. Step 2, Track and Benchmark, depends on dashboards being up and running. Tools like Databox provide enhanced customer dashboards so you can see a broader view of your funnel in one place, merging data from multiple sources into one panel. Increasing your average repeat purchase rate starts with understanding where your business is right now. Without setting a baseline, your team will not know the ROI from implementing each strategy.

Let's go over the metrics you should be tracking:

Repeat Purchase Rate = Number of Returning Customers / Number of Total Customers

This one should be a given. If you are trying to increase something, you better be tracking it! Repeat purchase rate alone though does not tell the whole story of your business' health. Think of it this way, the quickest way to make your repeat purchase rate rise would be to stop getting any new customers, but that's a terrible idea!

This is really what Airlift has done to really understand business and ALSO want to track a few other metrics like

Total Sessions = How many visitors came to our site in a given period?

The company wants to see a healthy upward trend in total sessions as the business grows. they need new customers to mint them into long-term repeat purchasers.

Conversion Rate = Number of Visitors Who Make a Purchase / Total Website Traffic

This help the company to understand that site doing its job? A good eCommerce website needs to not only attract new customers but also get them to take action and purchase or engage. If your conversion rate is not up to or exceeding industry standards, focus on that before working on getting repeat business.

In the end, increasing their average repeat purchase rate is about increasing customer lifetime value (CLV). Tracking CLV is another great data point to use when seeing if company efforts to reduce eCommerce churn are working.

Purchase Frequency = Number of Orders / Number of Unique Customers

Knowing their average purchase frequency or time between orders is extremely useful for timing organization outreach efforts.The purchase frequency formula is simple: take the number of orders by a group of unique customers within a given time frame, and divide it by the number of customers.

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[1] Alex Schultz, former vice president of growth at Facebook says
[2] According to shopify research

For example, if you have 12,000 orders from 2000 customers in a year, your purchase frequency is 6 per year. That means your average time between purchases is 2 months.

## 2. What marketing efforts do you do at the initial stage?

The company needs to Test its target customer assumptions. They may not always sell to who They think, or may not reach their full potential with this target audience. Do this through in-person or online focus groups (if they have a budget), customer surveys, quizzes targeted at their followers on social media, or use audience listening tools or paid external surveys to get your information. If they find out who responds to their product/service most enthusiastically then that's their real target market!

One way to solve this issue is by having customers create accounts. To reduce friction, give customers the option to save their information in an account AFTER they have entered their information and ordered. This will streamline the buying process seamlessly for returning customers and is a great way to increase your average repeat purchase rate. Remember, long-term customers, spend more and typically become more loyal with each additional purchase. Dedicating employee resources to responding to customers will likely have a higher ROI than that new ad campaign you were thinking of running.

A strong customer relationship and brand loyalty go hand in hand. A study by Invesp shows that 58% of consumers buy from brands whose loyalty program they belong to at least once a month and just a 5% increase in customer loyalty would mean an increase of 25%-100% of average profit per customer.

So don't forget to show your customers that you value them with an incentive-based loyalty program. But make it easy to redeem points and rewards.
If Airlift does decide to use retargeting ads, make sure to follow best practices like using a pixel so that people who have already purchased don't continue to see their ad. Optimize their frequency cap, be data-driven in their approach and watch long-term trends. A short-term win is not worth losing long-term customers

## 3. What competition forces are there at Airlift?

There are five forces that make up the competitive environment that can eat into company profitability: buyer power, supplier power, competitive rivalry, the threat of substitution, and the threat of new entrants. If the forces are intense, almost no company earns attractive returns on investment, if the forces are benign, many companies are profitable. This framework encourages companies to learn their industry's structure and position their company where forces are weakest.

Understanding the competitive forces can help you establish a defense against rivals and maximize your profitability. Below are factors and tips for using to reshape the forces of an industry in your company's favor:
- Buyer Power – Buyer power is the strength of your customers to drive down your prices.
Factors that affect the buyer power are the number of customers, size of each order, differences between competitors, price sensitivity, ability to substitute, and cost of changing. To counter customer power, expand your services, so it's harder for customers to leave you for a rival.
- Supplier Power – Supplier power is the ability of suppliers to drive up the prices of your inputs. Factors that affect the supplier power are the number of suppliers, size of suppliers, uniqueness of service, and cost of changing To neutralize supplier power, standardize specifications for parts so your company can switch more easily among vendors.
- Competitive Rivalry –Competitive rivalry is the strength of competition in the industry. Factors that affect it are the number of competitors, Quality differences, switching costs, and customer loyalty. To temper price wars initiated by established rivals, invest more heavily in products that differ significantly from competitors' offerings.
- Threat Of Substitution – The threat of substitution is the extent to which different products and services can be used in place of your own. Factors that affect substitute performance and cost of change. To limit the threat of substitutes, offer better value through wider product accessibility. Soft drink producers did this by introducing vending machines and convenience store channels, which dramatically improved soft drinks availability relative to other beverages.
- Threat Of New Entry – The threat of new entry is the ease with which new competitors can enter the market if they see that you are making good profits.Factors that affect are time and cost of entry, specialist knowledge, economies of scale, cost advantage, technology IP, and barriers to entry. To scare off new entrants, elevate the fixed costs of competing by escalating your R&D expenditures.