

# A Study on Impact of Online Food delivery app on Restaurant Business special reference to zomato and swiggy

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**ABSTRACT:** *The recent development of the net has boosted the extension of on-line food services by facultative individuals to go looking, compare costs and handily access these services. on-line ordering has been a growing as a requirement have factor for the eating place business. on-line ordering has taken the food business by a storm. Technology puts a buried impact on the business industry, technology has changed the entire frame of restaurant industry, and it will continue doing a great job. A technically developed online food ordering system has changed the restaurant's culture drastically and gives a new amazing comfort zone to the people across the globe. The main objective of this research to study the impact of zomato and swiggy on restaurant business.*

## Introduction

The format of home delivery or the takeaways have gained plenty additional customers in locations like malls, offices and big-party orders for residential complexes. Individuals missing breakfast on the thanks to work, order-in. People, United Nations agency want a higher selection of company lunch or party, order in too. Everybody appears to be in awe of the net food order and delivery possibility for the convenience and immediate supply of food reception. Besides, the convenience of ordering groceries from your mobile app or application program has definitely alienated some market share from the trusty 'kirana' or the mom-n-pop stores. Asian country is that the sixth largest grocery market within the world, however the organized sector as travel by a number of the net businesses mentioned on top of makes up just for 5-8% market share of the grocery business. The overwhelming majority remains in hand by these native markets and also the mom-n-pop stores. This has some obvious impacts on the brick-and-mortar formats of in-dining restaurants as additional individuals opt to have restaurant-style cuisines right within the privacy of their homes or workplaces; however the impact isn't such a lot because it could seem to be. The nutrition business in Asian country is simply concerning a pair of decades recent, and remains mostly unorganized. Given the speed at that the organized sector is quickly growing, it's solely a matter of your time and a way larger chunk of world investments before a extremely massive impact is formed on in progress eating house businesses that will not have a delivery-focused format of their own. The demand of online ordering is real. It conveys to the customer base that you are a modern growing restaurant and very challenging to others that wants to be a convenient and accessible for all the guests who used to ordered regularly. The most important that which will always need to contact the quality of enhancing online food ordering ever is the only one that has to be maintain the customer as a regular customer, In the sense provides good qualities and quantities of food, time maintain, delivery asap. This will give you the perfect result for online food ordering system fulfilled. Offering online ordering lets your guests place an order more conveniently. Without feeling pressure to wrap up their order, customers are more inclined to explore all of their menu options, and even end up spending more than they would when ordering over the phone or in person. With no line behind them, the pressure for your guests to make speedy orders is gone, and they'll be more inclined to get that extra item. Most of the people knows about swiggy, zomatoetc , they are growing online food ordering apps now a days. they provide good servicing for the customers from different areas, places and clients along with fabulous taste.

## Objective

1. To know the impact of food delivery start-ups like zomato and swiggy on restaurant business
2. To know the strategies of food delivery app zomato and swiggy.

## Literature Review

A research on the changing market for food delivery (Carsten Hirschberg et al 2016) indicates that online's penetration of the total food-delivery market broke 30 percent in 2016. We believe penetration rates will

grow further as the market matures, eventually reaching 65 percent per year. According to gloria food the advantage of online ordering and the reasons for the growth of food delivery app industry are Convenience, Simpler menu to manage, significant savings, no Hassels etc. Food Panda is an introduction to the newest food sensation that's here to stay (Shiyin Chan, 2015) Foodpanda is a global online food delivery marketplace headquartered in Berlin, Germany. Fun fact - they're also known as hellofood in other places in the world.

Bhavna Singh (2015) said that Foodpanda has been present in the Indian market since May 2012. Foodpanda first major move was acquisition of TastyKhana, which was launched in the city of Pune in 2007. Together with TastyKhana and JUST EAT, it is now present in over 200 cities and partners with over 12,000 restaurants. She also talked about JUST EAT was launched in Denmark in 2001 and was traded publicly on the London Stock Exchange. Their Indian business was launched as Hungry Bangalore in 2006. It was renamed in 2011 when JUST EAT acquired a majority share in the business. Today, the company partners with over 2,000 restaurants.

According to Deepinder Goyal, Zomato CEO and co-founder told TechCrunch that he expects to reach 10,000 restaurants in India in a few months. "We have a sales team of around 300 in India and 5,000-odd advertisers... these partners know the volume we bring to them so it is quite easy for us to launch this new service."

### Data Collection

This research is totally based on Secondary data. Secondary data included collecting information about various apps, the industry position, etc from the various portals from the internet, journals, magazines etc.

### Indian Food App Scenario

With the boom in digital industry across the globe, it's had its impact on the Indian economy too. The online food ordering firms have sprouted up in bulk. The market size of food in India is expected to reach Rs. 42 lakh crore by 2020, reports BCG. Presently, the Indian food market is around \$350 billion. The space is coming up with a lot of innovation catering to their customer convenience, satisfaction and retention. This has also built room for a lot of new players, who are targeting specific groups of people. Many new players joining the segment with innovative business models such as delivering food for health conscious people, home cooked meals, etc. Food tech is the hot talk in the startup town. After technology start-ups have made their mark in the e-commerce, taxi & real estate sectors, now the ever-hungry Indian entre-preneurs are looking to satiate the appetite of others. Food tech is a vast market and food delivery start-ups are just a part of it. Various apps in the Indian market are:

- Food Panda
- Zomato
- Swiggy
- Box8
- Fasoos
- Fast food delivery apps

<b>The various food apps available in India Services Provided</b>					
<i>Apps</i>	<i>Originated</i>	<i>Delivery</i>	<i>Online Menu</i>	<i>Expanded</i>	<i>Delivery Charges</i>
Food Panda	Singapore	Yes	Yes	12000 Restaurants	Yes
Zomato	Portugal	Yes	Yes	10000 Restaurants	No
Beer Café	India	No	Yes	33 Restaurants	No
Box8	India	Yes	Yes	60 Stores	Yes
Fasoos	India	Yes	Yes	125 Centers	No
Dominos	India	Yes	Yes	800 outlets	No
Just Eat	Denmark	Yes	Yes	2000 Restaurants	No
Swiggy	India	Yes	Yes	5000 Restaurants	Yes
Pizza Hut Delivery	US	Yes	Yes	1300 Outlets	No
Fasoos	India	Yes	Yes	200 Stores	No

### Benefit of food delivery app

#### 1. Easy to use

The food ordering mobile apps are easy to use and offers high convenience with time and effort saving for the customers. This has encouraged more users to use the mobile apps and order their favourite food online,

to get them delivered to their houses. The UI/UX of these apps, along with the ease of navigability and efficient search options enhances the convenience of the food ordering apps.

## 2. Flexible payments

The food ordering mobile apps offer flexible payment options for the customers to be able to pay using various modes of payments, best suitable for them. The integration of various popular payment gateways offers flexibility and cashless transactions to the customers, thus encouraging them to use the food delivery app.

## 3. Real time tracking

The food ordering software is equipped with real time GPS tracking systems, such that the customers can track the delivery boy bringing their food, along with helping the delivery boys to track down the exact address of the customers.

## 4. Loyalty points

Online food ordering often offer loyalty points to the customers for encouraging them to use the mobile app even more often. These loyalty points can be used by the customers to place future orders, thus helping them to use the app more often.

## 5. Effective customer support

With 24/7 customer support facilities, the mobile apps can offer the best customer supports, answering to their queries and assisting them in any need or complaints. Customer support has effectively become even more efficient, since the customers can connect to the executives, with just a few clicks on their apps.

### Zomato

Zomato initially named as Foodiebay was started in 2008 by Mr. Deepinder Goyal. It is a restaurant searching platform providing in-depth details with autonomous reviews and ratings. Foodiebay, the initial name was changed to Zomato in November 2010 to increase their reach among people.

#### Vision

- To expand to more 50 countries

#### Success Factor:

- First mover advantage
- Strong content platform
- Efficient employees
- Good rating mechanism and social platform
- Funding from experienced source

**Strategy of Zomato:** Zomato works with keen interest on various strategies to achieve their goal. It includes

- Financial strategy: To increase their fund and revenue
- Marketing strategy: To tap their customers from across the globe
- Growth strategy: To grow continuously and increase their customers and page traffic
- Globalization strategy: To expand themselves across the whole globe as a leading service provider

#### Marketing Strategy

- Featured and user friendly website
- Global mobile app
- Focusing on digital marketing channels for potential customers
- Acquire the competitors: To be the largest resource in food supply market, Zomato bought Urbanspoon for \$52 million to enter US, Canada and Australia
- Simpler review and rating system

Integrating other tools in their marketing strategy has given them wonderful hike in their business.

- Sales promotion: Coupons and price-offs
- Direct Marketing: Phone call and direct mail

#### Swiggy Founders:

Swiggy was founded by Nandan Reddy, SriharshaMajety, and Rahul Jaimini in August 2014. Nandan Reddy aged 29 and SriharshaMajety aged 31 both are both alumni of Birla Institute of Technology and Science (BITS) Pilani while Rahul Jaimini aged 31 is an alumnus of IIT Kharagpur.

Swiggy began its Journey from Bengaluru with six delivery executives and 25 restaurants on its platform. In the time of 3 years, it has scaled up with over 6,000 delivery executives across India in more than 8 cities like Delhi-NCR, Mumbai, Bengaluru, Hyderabad, Chennai, Kolkata, and Pune.

#### Swiggy Business Model:

Swiggy has two major revenue streams.

1. The major part of Swiggy's revenue from commission it collects from restaurants for lead generation and for serving as a delivery partner.
2. Swiggy also charges a nominal delivery fee from customers on orders below a threshold value which 200 rupees for most cities.

### **Swiggy Funding:**

Swiggy is backed by one of best investors available in the market. Swiggy has raised a total of 75.5 million dollars in funding from various investors, including Bessemer Venture Partners, Norwest Venture, Accel Partners, SAIF Partners, Harmony Venture Partners, RB Investments and Apoletto.

### **Swiggy Marketing Strategies**

Swiggy's marketing strategy consists of both online and offline marketing campaigns. It promotes its campaigns via Facebook, Twitter, Youtube, Pinterest, and Instagram. Some of its campaigns include Secondtomom, #DiwaliGhayAayi, #SingwithSwiggy and Know your food series of pictures and food walks in a local area. The company has successfully built its brand awareness and connects with its audience through these channels. Their Facebook page is quite active with regular updates, averaging to one post a day. Swiggy uses its Social media not only for campaigning but to engage with its customers from solving the grievances to taking the feedback.

### **Impact on restaurant.**

#### **Customer Experience**

1. It is a fact, if your customers like your service, they will come back and also recommend you to their world. They will become your best advertisers. So, you need to commit to a service that keeps them coming back.
2. People don't want to spend 5-6 minutes as they place their order over the phone by looking at the ordering catalogue and pausing whatever work they were doing.
3. One thing online ordering will certainly do is "up your game" when it comes to providing a better service by making the ordering process convenient for your customers.
4. When your customers pick up their smartphones to use your online ordering system, they will do it at their own convenience.
5. Remember, this time they will look at your online menu more carefully and select items after reading descriptions from the menu. Your customers can order their favourite food by clicking on the screen a few times and they do it from the comfort of their homes.

#### **Sales**

1. When customers order online, there are fewer distractions. They don't have to decide quickly on the items as there is no-one waiting to take the order.
2. Usually, there is no pressure to order. Hence, your customers spend more time on the menu. And, this is good for your business.
3. Online ordering platforms are inbuilt for cross-selling items. As they spend more time on the menu, they order appetizers that they wouldn't order in the store. Add-On items in the menu see better sales, online.

#### **Savings**

1. Your online ordering system also takes care of your margins. Since your restaurant's orders don't go through a third party platform, you will notice a change in your operating margins.
2. Other available options don't work in a similar way, to avail their services you have to use their portal which delays processing and also charges a commission on every processed order.
3. Getting your own online ordering system will provide you a competitive edge.

### **Positive and negative Effects of food delivery app on restaurant**

#### **Positive**

When done right, delivery can help restaurant operators cultivate customer loyalty, enhance profitability, and expand into new market segments. Overall, customer-facing technology is poised to deliver a distinguishing, competitive edge – for a price. Some chains, facing poor traffic numbers, are hoping delivery will help garner them new or lapsed customers. For those in the foodservice industry that don't offer delivery, they are certainly missing out on a multitude of opportunities.

#### **1. Its just one click away**

Today, more than ever, people can easily order online thanks to the smartphones and tablets. Studies conducted by the Interactive Advertising Bureau and Viggle show that about **69% of customers** order food online **using a mobile device**. Whether on a break, stuck in traffic, or riding the bus, virtually anyone will place an order **quickly** and **painlessly**. In fact, this is a better, and highly desirable alternative to waiting until getting home and placing the order over the phone.

## 2. Its fast, easy and comfortable

In a nutshell, your customers choose to order food online because **it's** literally **at their fingertips**. Virtually anyone with a smartphone can order food online from your restaurant.

### Negative

The outlook for fine dining restaurants is strong because they place a premium on taste, while new ordering and delivery platforms mainly focus on convenience and price,

The delivery business is growing so fast, it's giving restaurants cause to rethink their expansion strategies too.

### Conclusion

The customers comfort is simply the primary facet good thing about such, whereas on the second facet these system also are helpful for the expansion of eating place and food provide trade, as by the utilization of digital food ordering system a eating place owner are ready to attract the users attention by permitting them see the whole food menu in conjunction with dish name, image, specialty, and price. Integration a web food ordering system isn't any doubt are the simplest, cheap and helpful call for a eating place business owner. With constant deluge of experts in urban areas and fast urbanization of Indian scene, the food delivery and eatery portion is currently flourishing at a ranking pace. Adding to this situation is an expanding number of cell phones and food delivery applications. Food delivery applications have now turned into a major hit with well-informed people crosswise over India. There are a few food delivery applications in India that one can download on advanced cells to arrange food in a hurry and from the solace of homes. The changing urban way of life of the normal Indian is sufficiently emotional to be ideal for the food-on-the- go and fast home delivery models to develop at higher rates. The regularly expanding populace swarmed metro urban communities and longer travel times are drivers for the helpful, prepared to eat and less expensive alternatives of having food and foodstuffs conveyed at your doorstep. Organizations that know about the colossal potential for development may wander straight in, yet just the fittest will endure. Organizations who keep their offer and their image dynamic in purchaser's brains, will take the greatest offer of the Indian online food benefit pie.

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