Digital Transformation in Food Delivery: An In-Depth Analysis of Zomato's Impact and Growth in India

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Abstract: *The advancement in technology has sparked out to be a sensational movement with digitization taking the limelight [1]. This has further paved way for many online platforms and e - commerce websites to create and cater their service to a wider range of population not only locally but also at national and international levels. People choosing convenience over anything in today's time, has contributed in these online businesses to uphold themselves and continuously innovate and disrupt the market in numerous ways. One such revolutionary yet sensational domain for audiences of every age group, city/state, status and other criteria is the food delivery services via platforms such as Zomato, Swiggy, Insta - Mart, Grubhub and so many more. This work accentuates the food delivery service provided by Zomato in India, which is one of the strongest players and online food delivery aggregators that plunged to become a market leader. The work encompasses the journey, key services provided, impact of certain incidents like the COVID - 19 pandemic etc., to evaluate and present the services offered by Zomato. The work also covers the experiences and perception of people to better understand the outreach and impact on different audiences from various age - groups, professions, preferences, and other parameters via primary data collection done by floating a Google sheet comprising of a set of questionnaires.*

Keywords: Digital Transformation, Food Delivery, Zomato, Market Impact, Consumer Behaviour.

1. Introduction

The market leader Zomato, took its birth in the year 2008, by the name 'FoodieBay' that was the brain child of the two founders from Delhi: Deepinder Goyal and Pankaj Chaddah [2, 5, 7, 10] In 2010, this company called 'Foodiebay' was renamed as 'Zomato' which became exceptionally famous and is operating in several parts of India and other countries successfully. Zomato, has been in complete swing as it receives orders up to 1.25 million every day [7] The company has a robust app, which has made so many people's life very easy as their display of menu, restaurants, eat - outs and user interface is extremely simple yet elegant, it is very user - friendly [7].

Some of the features the app holds are: the restaurants are clearly listed with their timings, how distantly apart it is from the user's address, a wide range of food menu and tie - ups, safety and security offered by the app to maintain data privacy, listings of any events and concerts with applicable offers, vouchers and discounts [7].

Till 2012, Zomato had manual menus being up on their app and website, it is then digitised ever since. The company also has active discounts and offers on most meals and dining areas. For a company to grow not such in its operations but also in attracting newer audiences and retaining loyal customers, it really traces back to their quality of service and supply chain. The delivery partners they hire, work environment, and culture are all the driving force for such a grand establishment of Zomato. According to many sources, it is reported that 10 lakh and more consumers from across 22 countries use this app on a daily basis to order meals seamlessly right to their doorsteps. It also adds restaurants to its basket every 30 seconds [7].

In terms of funding, Zomato has raised a total of whopping 909.6 million from various investors across the globe. In terms of their revenue generation, they are keeping up the pace, and the year 2019 - 20 had an all - time high in churning out of revenue [7, 10].

2. Review of Literature

(Frederick, 2021) elucidates the development of technology and its impact across the world that has enabled many e - commerce platforms like Zomato operates on. The study entails a SWOC analysis along with the 7 - marketing mix model to analyse the company - Zomato and its services. They also discuss the need for them to explore the spaces of rural areas; add more features to their apps, and protect from fake reviews being put out. **(Panigrahi, 2020)** has a complete dissection of the company from its inception to the digital marketing section to many services like 'Feeding India', 'Zomato Gold', 'achievements', 'current affairs and other criteria, along with SWOC and SWOT analysis to perform an in - depth case study on Zomato. **(Raina, 2019)** Performed an analysis to compare and evaluate services of various platforms including Zomato. Their findings indicate that Zomato stands superior to all its competitors in many aspects from familiarity of the app, usability of app, services, packaging and good customer feedbacks and reviews. **(Chandrasekhar, 2019)**Delineates the perception and feedback of customers using Zomato and other competitive platforms. They also have performed an evaluation by comparing different platforms on different criteria. Grey analysis has been performed in this work which highlights the thin line between some known characters/parameters and unknowns. It is referred to as 'Grey areas' as there is no clear depiction. **(TIMESOFINDIA.COM , 2023)** contains information on 'Zomato Everyday', its unique offerings and how it works. The details also cover up the pricing details. It also has

information on shelters available for the delivery partners to rest between their delivery trips **(Pal, 2020)**, **(Gupta, 2020)** have written about the working of Gold membership through which customers, upon subscribing to Zomato can also contribute in funding and helping of employees at Zomato like the delivery partners, chefs, helpers and sweepers etc. **Parmar, N.** has explained about the company in detail from its rise to its future endevours, investments and services. **(Goyal, 2017)** The founder himself has penned this, which highlights the success of Zomato, which is powered by three predominant components - user penetration; data and tech; positive relationships and rapports with the suppliers. Through all of these, the company can navigate and propel to catering their best services while handling situations much in prior via these components and preparedness. According to **(Tech Desk, n.d.)**, Zomato has launched their 'Intercity legends Service' that the users can avail. Details on that is discussed in detail in the article. **(Vaishnavi, n.d.)** presents the analytical tools used by Zomato to handle and maintain huge databases containing information of restaurants, their offerings, events, customer information and so on. It also emphasises the food delivery protocols and commissions charges under that, subscription programs, white label access and consultancy services etc. **(Balachandran, 2022)** Presents the hardships and stress levels experience by the staff and delivery partners working in food delivery service line. It emphasises how different parameters have an impact on their well - being, mental and physical health. In today's time, it is very important for everyone to have a good work - life balance and sadly in industry like this, it demands more of physical presence and tasks to be fulfilled. **(Zulkarnain, 2015)** elucidates the importance of building an accurate website and an app interface as it not only helps users but also helps businesses like Zomato grow tremendously with the ease of use and structure. Here the parameters such as 'Quality of website', 'Information authenticity' 'website design', 'security', and encrypted payment systems are accentuated upon, which contributes to the successful running of the app/ website directly impacting the business to map their services and delivery systems. **(Ramesh, 2023)** Discusses the efficiency of food delivery services from 'application' perspective. It comprises of certain feature tracing to how well equipped and operational an app should be built and some feature it needs to have. In the world where technology is fast growing, an app to address and cater to the audience in a simplistic manner is necessary. In any industry, customer satisfaction, perception and feedback plays a very vital role in shaping the business, hence in this work conducted by **(Alalwan, 2020)**, they bring all the factors to make the customer service seamless and through various criteria. This has been the main topic that also has shed light on "social influence", "performance and effort efficiency", "facilitating conditions", "price value", "hedonic motivation", "habit" etc to map and draw analysis. Consumer's purchase intention and behaviour in ordering food online has been well put in this work, the thoughts, cravings, budget, food preferences etc have been closely discussed **(Tat, 2011)**.

Zomato Business Model
- Zomato has a well - functioning app via which a customer places the order.
- This process goes as 'orders received' in a particular restaurant, set for online orders.
- Upon the meal/dish preparation, the food will be set out for delivery
- The app has a robust feature to display the status of order till it is delivered.
- The app also has a feature that allows for customer feedback and ratings which is to rate the service.

Figure 1: Pictorial breakdown of how online food ordering services takes place via Zomato; **source: (Pal, 2020)**

Food delivery service during COVID - 19

The year 2020 witnessed the dull performance of several businesses which also had an impact on food delivery services like Zomato. But one winning point for an online business like this is that people are predominantly availing theses services in the form of a quick take - aways and home parcels or online ordering of food to be delivered right to their doors. Under a tight lockdown, it definitely is very difficult to bring some actions into effect such as deploying employees who are tested negative, are exercising precautions i. e being vaccinated, wearing safety gears such as masks, gloves etc, and are under the tight scrutiny of being completely checked before they report to their service duties. Hence Zomato also served its customers with many benefits such as: No Contact Delivery, Payments were made easy through UPI's and other Digi - wallets.

At this time Zomato took some initiatives to ease things out to not just the customers but also to the delivery partners.

The number of food ordering transaction was seen to be on an all - time high during the year 2019 - 20 which also is due to restrictions under the pretence of a national lockdown.
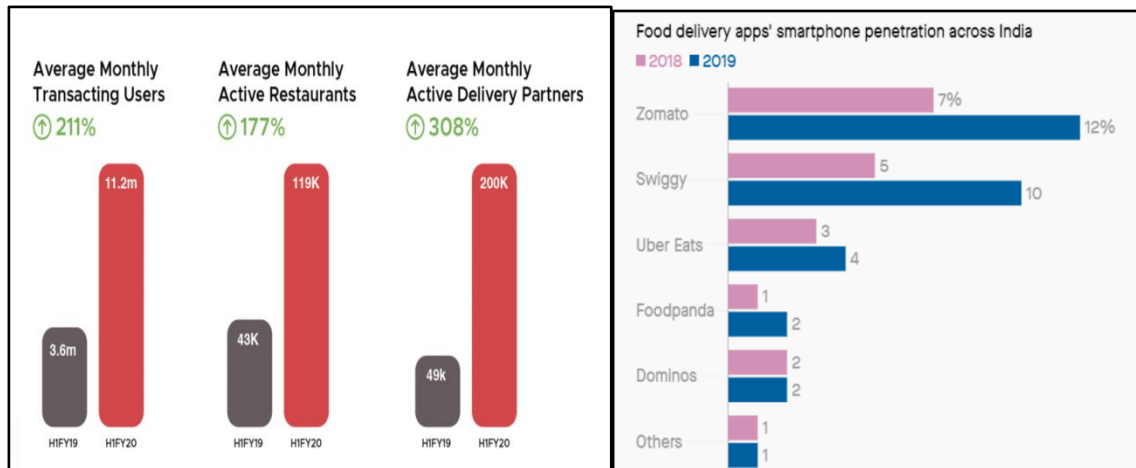

Figure 2: Depiction of different orders and deliveries in the year 2019 - 20, **source: (Parmar, n.d.)**

3) Comparison of various food apps and demand in 2018 - 19, **source: (Bhatacharya, 2019)**

Latest Services provided by Zomato:

• **Zomato Everyday:**

The company has been on a roll in term of innovation and enticing the customers through the perfect launch of 'Zomato Everyday, ' which the customers can avail to savour home - styled foods and dishes prepared by local home - chefs. **Pricing and Location**: This service starts from a humble pricing of just rupees 89, it is presently being offered in Gurugram. **(TIMESOFINDIA.COM , 2023)**

• **Zomato Intercity Legends:**

The users can order food native to other states within a click of a button. This has gained enough traction as users can taste the authentic dishes. At present the service is available only in Delhi and Gurgaon. **(Tech Desk, n.d.)**

Some challenges under this is the delivery time. Due to change in schedule, or any other aspect, there is a huge scope for longer delays.
Delivery partners tend to get tired riding for longer distances hence could contribute in delays.

• **Zomato Gold**:

This service is to provide users a provision for subscription. Through this the users can contribute towards helping the staff like delivery partners, chefs, helps etc of Zomato.
This initiative become rampant due to the effect that COVID - 19 had on many low - income families[10].
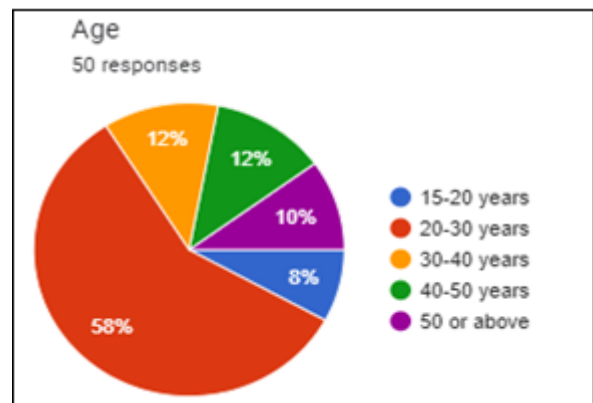
Its benefits to users:
• Provides huge discounts and offers
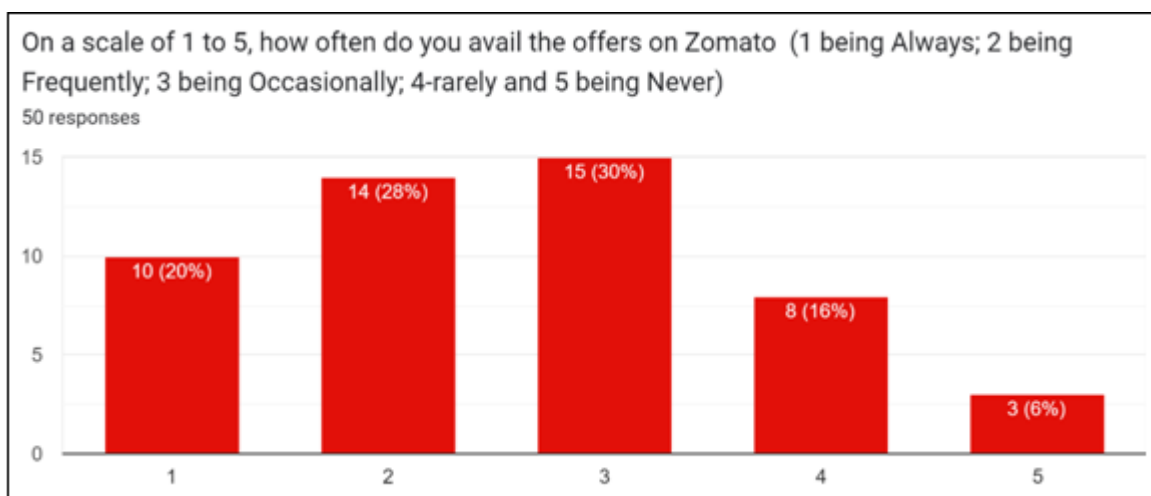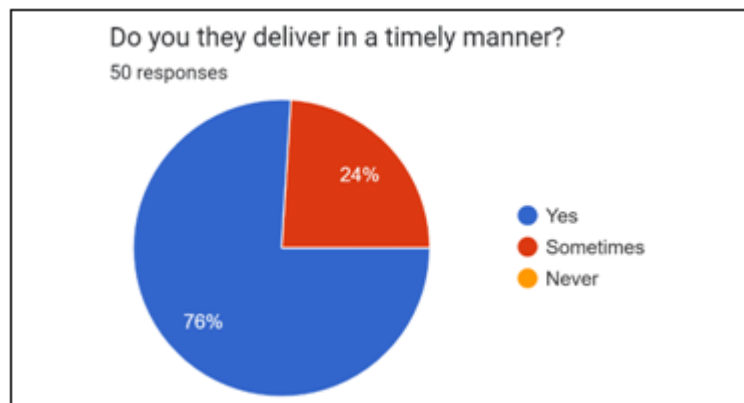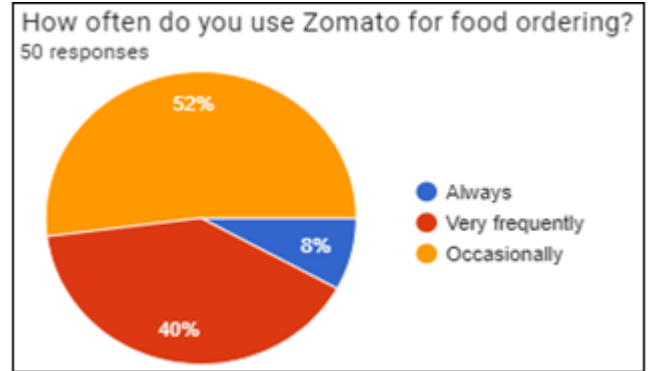• The subscribers can the priority at times of intense rush hours.

Research Methodology:
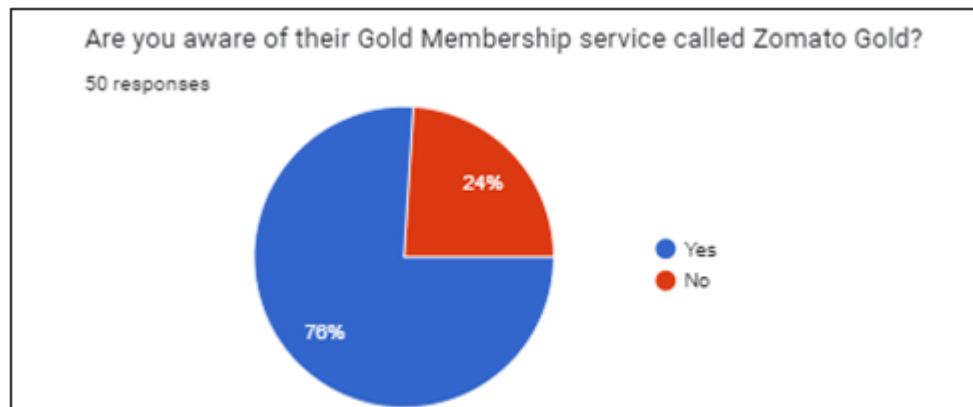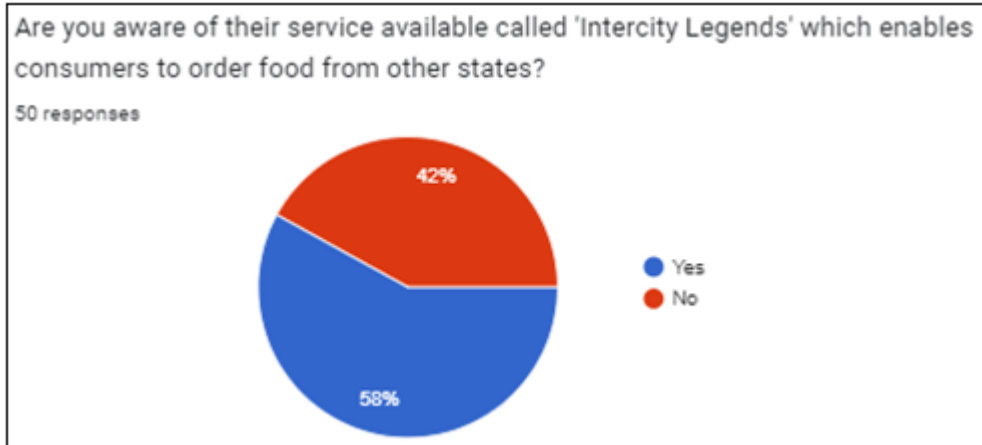To understand the experiences and perception of the general public who mainly are the users of Zomato, a set of questionnaires was floated in the form of Google forms as **Primary data.** A set of **12questions** pertinent to the **services and user experience** was framed. The responses are collected and analysed as below.

3. Results

The below charts shows the responses for each of the questions:

Have you used Zomato for ordering food?
50 responses

How often do you use Zomato for food ordering?
50 responses

Do you enjoy their food delivery services? (1 being Highly satisfied; 2- satisfied; 3-Neutral; 4-Dissatisfied; 5-Highly dissatisfied)
50 responses

Do you they deliver in a timely manner?
50 responses

On a scale of 1 to 5, how often do you avail the offers on Zomato (1 being Always; 2 being Frequently; 3 being Occasionally; 4-rarely and 5 being Never)
50 responses

How do you rate their app service (1 being Very poor; 2- poor; 3- neutral; 4- good to 5 being excellent)

50 responses

Are you aware of their service available called 'Intercity Legends' which enables consumers to order food from other states?

50 responses

Are you aware of their Gold Membership service called Zomato Gold?

50 responses

On a scale of 1 to 5, rate the customer experience you have had in terms of their packaging of food (1- Very Poorly packed and delivered ; 2 -poor; 3- fair; 4-good ; 5- Excellent packaging)

50 responses

How do you rate their food delivery service during COVID-19 (1 - V.poor; 2 -Poor; 3- Fair; 4-Good ; 5- Excellent)
50 responses

Have you faced any issues in terms of payments pertaining to food being delivered?
50 responses

4. Findings

- The responses obtained were from a mixed age group from 15 years to 50+ years of age. The majority of the users fall under the age group between 20 - 30 years contributing to 58% followed by 30 - 40 years of age which is 12% equally split with that of 30 - 40 years of age. This emphasises that there is a wide audience range and that Zomato is very highly recognised and used.

- The app has been an easy access for users with majority of them using it occasionally which is about 52%; 40% used it very frequently and 8% were hard core users who always used this app.

- About 44% of the users enjoyed the services provided by Zomato who were satisfied; 30% were highly satisfied; only 4% (dissatisfied) and 2% were highly dissatisfied with the services.

- Vast majority of 76% of them felt the service was done in a timely manner; 24% rooted that sometimes they fall behind in time of delivery.

- In terms of users availing offers, 30% of them were occasionally availing the offers; 28% used it frequently and 10% used it every time; On the other hand, 6% never availed any offers.

- The major transaction and decision making is via their app, when asked about the app services, 54% felt the service to be Good; 24% were highly impressed by the interface.

- Zomato has their services like 'Intercity Legends' and 'Zomato Gold', 58% of the users are aware of the former

with 42% being unaware of it; 76% of them are aware of the latter with 24% being unaware.

- Packaging plays a vital role; hence 66% of them were highly satisfied with the packaging; 16% agreed it to be good.

- COVID - 19 was a hard time for most businesses, Zomato did exercise caution and had their delivery partners take all the necessary precautions and tests; 54% of the users rated their experience to be excellent; and 2% felt the need to improve; 16% had neutral opinion for the service they received at the time.

- Zomato has various payment modes users can use, in light of this, 90% were happy and had no issues with payments when they ordered food, while 10% of them claimed to have some issues.

5. Discussion

Zomato has been catering to several thousands of audiences every day, from the responses obtained, there are some points of improvements the company can work on:
- Enhancing their supply chain for a faster delivery of food.
- Creating interactive advertisements and communicating their new launches to have a larger outreach and awareness
- In some isolated areas, the delivery service of Zomato was found to be less as discussed in literature review. Hence there is a huge scope for expanding their presence in local and isolated areas.

6. Conclusion

Zomato, as a digital platform for food delivery services, has significantly transformed the landscape of food industry in India. Its innovative services and customer - centric approach, havenot only attracted wide range of consumers, but has also contributed to emerge as a market leader.

Despite the challenges posed by the outbreak of COVID- 19 pandemic, Zomato demonstrated resilience, flexibility, and adaptability by prioritising safety of the customers and employees. The company's constant efforts towards enhancing its services, expanding its reach, and maintaining a strong rapport with its stakeholders, are remarkable. However, there is scope for improvements in areas

pertaining to enhancing efficiency in supply chain and expansion of its services to remote and isolated areas.

Overall, Zomato's success story serves as a testament to the potential of digital transformation in revolutionising industries and shaping consumer behaviour.
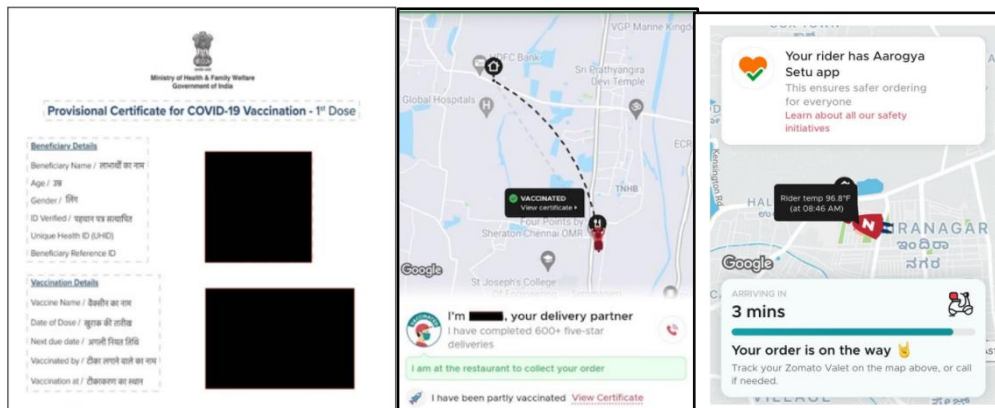
Exhibit:

Figure: Depiction of precautions and protocols exercised by delivery partners from Zomato during COVID - 19.

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