

Assessing the Emergence of Zomato as the Market Leader in the Online Food Service Segment in India in Terms of Marketing and Consumer Perception

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Abstract: *With digitization, the food industry has very efficiently utilized the e-commerce platform in the online food review and food ordering business. Through a vertical system of food delivery apps, the entire system has brought almost every restaurant in India under a single roof in the hands of the consumer. Now, finding a great place to eat, ordering food, reserving tables, and giving positive or negative feedback for a restaurant has become very easy and accessible for the consumer. This vertical has shown tremendous growth over the last 10 years signifying the untapped potential. The pioneer and leader of this segment in India has been Zomato. Zomato is a brand, which every consumer would relate to when s/he thinks of an e-food platform. This paper aims at critically examining the marketing and positioning aspect of the company by drawing on the works published in the form of surveys, journals, articles and reports by independent authors as well. This paper covers certain figures mentioned in the financial reports published by Zomato and assesses the reasons responsible for the major market presence and consumer preference of the brand. While evaluating the brand, we try to examine how policies, PR and strategizing has had a profound impact on the company's market share in its 12 years of functioning. This has been done by drawing out a hypotheses and carefully surveying a group of 50 respondents belonging to different socio-economic backgrounds, keeping in mind the various aspects of consumer perception. The results have been interpreted using graphical representation through histograms. The overall analysis suggested majority of respondents were more attracted towards Zomato than other competitors. Furthermore, the majority of respondents were found more satisfied with the food quality and fast delivery of Zomato and a wider range of restaurants and choice of food. The research concludes that there exists a positive relationship between Zomato's positioning strategy and the consumer perception of the brand's services which can be attributed to excellent utilization of better promotional strategies schemes, discounts and user-friendly mobile application by Zomato.*

Keywords: Consumer preference, marketing, market share, online food delivery, strategies.

1. Introduction

Launched in Delhi 12 years ago by Deepinder Goyal and Pankaj Chaddah as Foodie bay initially, Zomato has grown from a Delhi based home project to one of the largest food aggregators in the world. Zomato started off as an online restaurant discovery guide for restaurants, bars, pubs and clubs and dine-outs. Earlier, the registered users were required to post reviews and rate (on a scale of 1 - 5 stars) the restaurants on the basis of their choice, visit and experience. The website helped in defining the restaurant/pub/club on the basis of presence or absence of air conditioning, smoking area, Internet, stag entry, live performances and outdoor seating or whether non-vegetarian food and alcohol are served or not. Zomato also provided information related to cuisines served, operation timings, approximate cost of a meal for two, credit cards accepted or not.

In 2011, Zomato also launched applications for iOS, Android, Windows Phone and BlackBerry devices. In September 2012, Zomato expanded to its first overseas location by launching its services in Dubai, UAE and subsequently to other countries. In February 2017, Zomato introduced its zero commission models in a partner restaurant. Zomato is currently present in more than 24 countries and 10000+ cities globally, enabling the vision of better food for more people. It not only connects people to food in every context but works closely with restaurants to enable a sustainable ecosystem. Zomato features restaurant information such as scanned menus and photos sourced by Local Street teams, as well as user reviews and ratings. The

company also provides cashless payment, online ordering and table reservation as a part of digital marketing move.

So what differentiates Zomato from other service providers?

Zomato assesses restaurants on 4 parameters called the QAAA - Quality, Accessibility, Affordability and Assortment. It impacts the quality of food that restaurants serve, by keeping them accountable to their users. A high rating on Zomato not only reflects the great experience a restaurant offers, it also drives further growth through footfalls. It improves accessibility by providing instant information. The food delivery service constantly looks to deliver better food to more people from more restaurants, faster than ever before. It improves affordability by making it a level playing ground for everyone. By democratizing information it makes sure users can make informed choices; and in that way it democratizes competition.

1.1 Objectives

- To study and understand the marketing/positioning strategy of Zomato
- To analyze the current positioning of the brand as per consumer perception
- To suggest scope of improvement for the brand as per consumer responses

Hypothesis

H0: There is no correlation between the marketing/positioning strategy and consumer preference for Zomato

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H1: There is a significant correlation between the positioning strategy and consumer preference for Zomato

1.2 Research Methodology

The paper is based on primary and secondary research.

Primary data which is the base of this study was collected from respondents through a set of questionnaires prepared to understand the perception of the brand 'Zomato'. It includes responses from men and women including students, businessmen, and housewives etc. belonging to different occupations and age groups. Secondary data was collected from consumer food blogs, websites, newspapers, journals, research articles & social media pages of Zomato.

Some of the questions asked include:

Q1. Are you aware of the brand's logo?

Q2. Have you ever referred/ been referred the brand through word of mouth?

Q3. Have you seen advertisements of the brand? If yes, through which medium?

Q4. Do you receive customised content mails from the brand?

2. Literature Review

This paper has been prepared after a thorough research from a number of articles and research pieces and by visiting a number of editorials expressing opinions on the same.

Serhat Murat Alagoz & Haluk Hekimoglu (2012)

Determined a noticeable growth in e-commerce with a similar growth in the online food industry. They used Technology Acceptance Model (TAM) model to study the online food ordering system. Ease and usefulness of the online ordering and delivery services has been emphasized as a major factor towards the acceptance and growth of these services and an important reason for consumer preference for these services.

Harshleen Kaur Sethi (2017)

Determined several factors like geographical coverage and customer support to analyze the responses that customers usually have with respect to these. This was accompanied by a complete interpretation of usage of social media effectively by the brand. This was aided by a PESTLE and pricing strategy analysis of the brand. The positioning and communication strategy of the brand was correlated and a gap was found in terms of effective implementation.

Anshul Sharma (2017)

Did a comprehensive study on the infrastructure of Zomato including factors like Zomato treats, Zomato Gold etc. and effectively correlated it with the sales management techniques of the brand. This was done keeping in mind sales planning, sales documentation, automation and other key factors. The study concluded by pointing out certain problems in the implementation and overall management of the system in terms of recruitment and data authentication. This was followed by a series of suggestions and recommendations for more control.

Aniruddha Deshpande (2016)

Conducted a market and consumer analysis for Zomato with special emphasis on new and upcoming opportunities for the brand. This was done by conducting a SWOT analysis and a further study on emerging markets. Furthermore, Porter's FIVE FORCE ANALYSIS was also carried out to aid the research. Industry rivalry- Local and global completion were taken into account. Overall, the study regarded Zomato as an excellent means of serving customers as it rated well on several consumer perception parameters as compared to its counterparts.

Dr. Gomathy Thyagarajan (2015)

Published a study on the Zomato in the form of a case study. The study aimed at an overall analysis of the brand by taking into account several parameters like marketing strategies, competitive strategies and global avenues. This study has been extremely useful in understanding the overall domain of the brand and how it effectively correlates each theme.

While the above mentioned studies have been extremely beneficial, there has been a dire need to take several other factors in account to draw out a detailed study on the marketing and positioning of the brand. Most studies lack a dual perspective- that of the brand as well as the consumers. This has been taken into account in this paper by first giving a complete analysis of the brand and a subsequent correlation with consumer perception.

Understanding Zomato's Marketing Domain

Zomato aimed to be the place where Foodies hangout. In fact, it had rechristened itself as a Food Network.

Let us take a look at the brand's STP Analysis

Segmenting: Under the demographic segmentation strategy, Zomato targets the age 18-35. People who want to dine out and want to have adequate knowledge about the restaurants they wish to visit. Zomato has found a larger target segment in the working professionals who want to dine out and also want to get food delivered at their doorstep.

Targeting: The main target customer of Zomato is the youth who often wants to eat out with their friends and colleagues. It targets those customers who are seeking to have a good time with their friends and want to be assured that the place is going to worth the price. It targets two kinds of customers: The first group includes people who want to order their food home and the second group includes people who prefer to dine out. In a lot of cases, these groups overlap. It offers food delivery to those who need it delivered as well as gives incentives to people to dine out through its Zomato Gold program.

Positioning: Zomato has positioned itself as a platform that brings restaurants, suppliers, consumers, food suppliers, and logistics partners together. It aims to create a world where detailed food consumption and taste patterns across the globe are shared intelligently with the suppliers. Furthermore, with its online delivery service, it has carved a niche for itself through efficient and effective service mediums. Through the introduction of Zomato Gold, it has made dining pocket friendly for its customers.

Let us now take a look at the brand's marketing mix

- 1) **PRODUCT:** Zomato is an app / website which shows restaurants and food menu to its users and allows ordering food online. Zomato provides the user with the restaurant details, their images, rates, menus and even portal for customers' feedback where people can voice their opinions regarding the experience, taste at a particular restaurant. The main services in its marketing mix include Point of Sale systems, Restaurant Search and Delivery, Table Reservations and management.
- 2) **PRICE:** Zomato does not charge for restaurants to put their details on their application or website. The restaurant advertising which Zomato does on their site or application is the major source of their revenue. Restaurant advertising includes banners ads for restaurants which gives them maximum visibility as soon as a person logs into the app or the site. They also provide consulting services to restaurants to where should the restaurant chains open their next outlet.
- 3) **PLACE:** Zomato, an online service is available on Windows platform, Android and iOS platform. It is available in 25 countries which include India, Australia, USA, Chile, Malaysia, United Arab Emirates, Portugal, South Africa and many more. The UI is user friendly and has nine language options viz. English, Italian, Spanish, Portuguese, Turkish, Slovak, Indonesian, Polish and Italian. Also they are active on various social platforms like Facebook, Twitter, Pinterest and Instagram which are used to engage with customers.
- 4) **PROMOTION:** Zomato is known for its content marketing strategy. In content marketing they aim to advertise extensively via images. These images require a glimpse and have an impact on audience and offer pure entertainment. The content is always fresh with old sayings, messages delivered in a unique way in line with the service of Zomato.
- 5) **PHYSICAL EVIDENCE:** Zomato being a service offers no product of its own. It has no particular physical presence, except for the delivery system started by Zomato in 2015. The delivery system consists of delivery men delivering the food placed by an order from Zomato website or application. Basically, Zomato acts as a third party system for the deal between these restaurants and the buyer.
- 6) **PEOPLE:** Zomato comprises a strong team of around 5000 people working towards best services to people.
- 7) **PROCESS:** Under Zomato one needs to sign in with our registered phone number and email address. The location is detected and one can browse the menu and place the order. Payment can be made wither by cash or online modes. The restaurant confirms the order and dispatches as soon as it is made. Zomato asks for the feedback after the service provided. Thus an entire process is made to be convenient to the user and the user can have an hassle free experience. Hence this is the marketing mix of Zomato.

- It also uses television advertising occasionally during high activity periods like Diwali, New Year etc.
- It has a global user friendly mobile application for Google Android operating system, Windows phone, IOS and BlackBerry devices and is much focused and sticks to its domain. It started advertising on its mobile apps also and this was fuelled by the increasing traffic on its mobile apps.
- It listens to its customers very carefully and responds to them immediately. The customer redressal system is extremely efficient and well equipped.
- It has also integrated other tools like coupons, price-offs, referrals, phone call and direct mail in its marketing strategy. It focuses on digital marketing channels to acquire potential customers.
- Have high field sales force. The ZOMANS, as the members are frequently called, interact with business owners in an offline manner to sell ad space so that people who are not tech savvy get aware too and the customers have a wide variety to choose from.
- Customer engagement plays a very crucial role for Zomato. They are highly interactive with customers through application and social media. It has proved to be a big and user-friendly food discovering platform spanning several regions and proper organized data of restaurants, nightlife, cafes, luxury dine-in made them largely popular among youngsters and foodies.
- Zomato Gold/ Zomato Treats: This is the service provided to the customers through the Zomato App. Here, customers are required to pay one time a fixed amount annually to buy a membership. Also, there is membership for the restaurants taking part in this scheme where the restaurant will get an increased promotion. In Zomato Gold, the members (customers) will get a free complimentary meal (including Beverages), after every fixed amount of online orders, in a highly rated Restaurant of their choice (from a list of participating restaurants and in Zomato Treats they get offered a free dessert.

Statistics

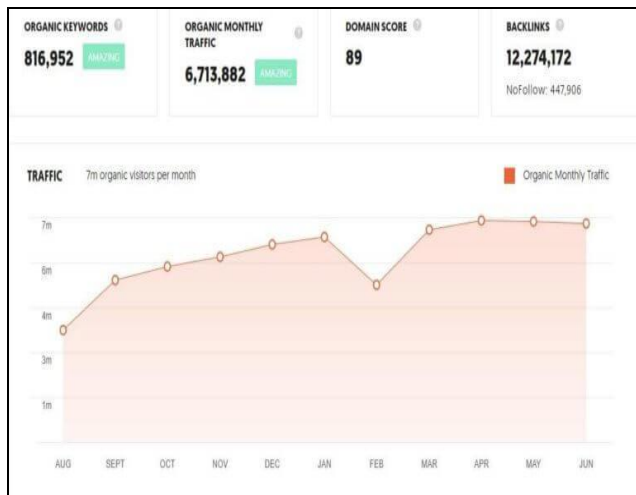
Search Engine Optimization

Zomato has put in a lot of efforts in SEO.

As per Uber suggest data, it ranks in India for 816,952 keywords as on July 2019. Its organic traffic is 6,719,882 users per month. These stats are really amazing.

Key Marketing Strategies that make Zomato an Excellent Marketer

- It uses a variety of marketing tools including SEO, SEM extensively. Offline tools include word-of-mouth marketing, OOH and B2B advertising.



Key Words in URL

Zomato takes the top keywords in their niche and creates webpage URLs of them. This tells the search engine that their pages are relevant to the search query of the user. This is a very good strategy to ensure that your website ranks.

Backlinks

Zomato gets back links from 12,274,172 unique domains. It also gets 233 back links from high authority domains like .gov and .edu domains. All this increases the Domain Authority of Zomato’s domain and helps it rank higher.

Backlinks: zomato.com



Keywords on Webpages

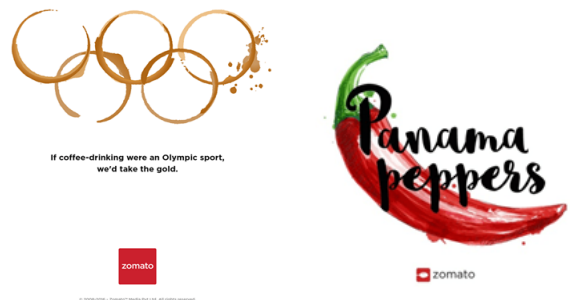
Keywords that include food names, restaurant names, and phrases like “order food online in Mumbai” tell the search engines that these pages have the content related to these search queries.

Social Media Marketing

Zomato is active on Instagram, Facebook and Twitter. As of March 2020, it has 285k followers on Instagram and more than 1.9 Million followers on Twitter. Let us understand why their posts are so popular.

Trendy Content

Zomato engages with the audience by posting on trendy topics. The brand understands the audience’s nature. Hence, it promotes content which makes users share it, comment on it and view it again and again. It utilizes trendy topics and posts simple images in order to interact with viewers online. One of the most noteworthy events in the field of sports is the Olympics. During the 2016 Olympics, Zomato posted something like this.



Current Affairs

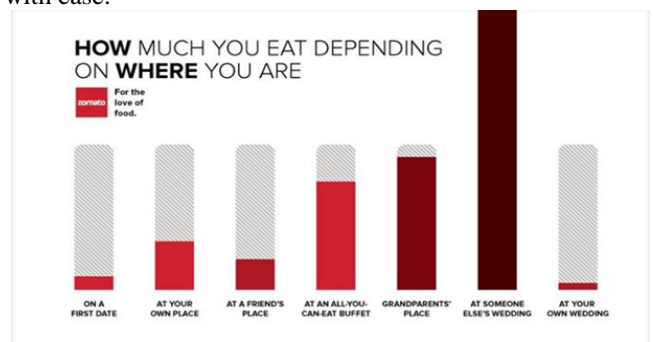
- Many in the United States and people across the world know about the border issue between the United States and Mexico. Newly elected President Donald Trump had promised that he would ensure that Mexico would build the wall between the two nations and pay for it.
- Connectivity with the audience

‘How I ate your butter’.



Fun

You wouldn’t miss out this. It is related to your food habits. Zomato uses info-graphics in a way which audience can relate too. 96% of the youngsters would relate to this image with ease.



“I’m great in bed.”

- Breakfast



• **Paid Advertising**

Zomato runs Search Ad Campaign using Google Ad words. It targets keywords related to food, ordering online, names

of restaurants and much more. It targets users whose intent is to get some food delivered to them.

Zomato - Order Food Online | Get 50% Off On First 5 Orders

Ad www.zomato.com/ ▼

Use Code ORDER150 And Get Up To Rs. 150 Off. Choose From 88000+ Delivery Restaurants. Hassle-Free Ordering. Trusted Zomato Ratings. Super Quick Delivery. Unlimited Choices. Limitless Options. Online Payment Options. COD Available. Types: Pizza, Burger, Sandwich, Biryani, Arabian.

Distribution in the Marketing strategy of Zomato: In a study, Zomato revealed that about 40% of the total sales were referral driven. According to Zomato, almost 30% of the subscribers are coming through referrals and more than \$2 Million orders have been made using Z coins.

According to Zomato, their customer acquisition cost is very low. Zomato Gold is another program that is referral driven, where on sharing their referral code, a customer gets a month of the Zomato Gold services extended.

Brand equity in the Marketing strategy of Zomato



Zomato has been able to show strong growth because the users are not just using Zomato for discounts, they are using it for convenience to have easy access to food and get reliable information about restaurants. When it comes to dining out, more than 70% of the customers check the reviews in the app. Zomato has already laid strong foundations and has huge potential growth because of its good brand name.

Competitive advantage in the Marketing strategy of Zomato

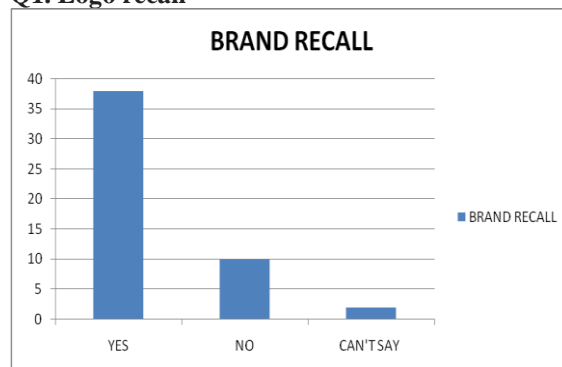
- **Strategy:** Zomato creates innovative schemes that keep the customers engaged. The Zomato Gold which is an exclusive membership loyalty program that gives customers an exclusive dine out and drinking membership with BOGO(Buy One, Get One) and 2+2 complimentary drinks. The Zomato Gold now has more than 600,000 customers. This has helped customers to dine out more often, which according to restaurants has helped drive customer traffic at a higher rate.
- **Strong Brand Name:** A good brand name is a must when comes to surviving in the industry and Zomato has been effectively creating a brand name that resonates trust and convenience.

- **Focus on technology:** The biggest advantage Zomato has over its customers is its beautifully designed User interface. Zomato gives a lot of focus and effort in creating a convincing UI for its customers. Zomato has amazingly used data science and has been able to carve its way for success.
- **Promotion Strategy:** Zomato is one of the few companies to have been successful in the content market and uses images to promote its products. Zomato ensures that its contents stay fresh and has invested vastly on SME's and SEOs. Another important role is played by social media and it has helped Zomato become more popular among its customers.

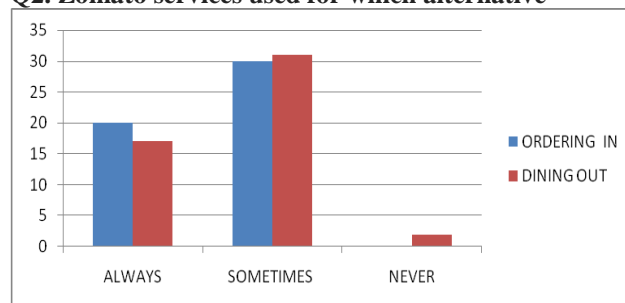
Zomato has been able to obtain a competitive edge because it is extremely data-driven. It has been able to drive operational and commercial efficiencies like delivery time prediction, logistics optimization, ad delivery, and supply prioritization. Zomato aims to implement the concept of cloud kitchen, which will help a restaurant to expand its presence without incurring any fixed cost. The focus on Zomato on technology will help it stay ahead of the competition.

Analysis of Responses (50 Respondents)

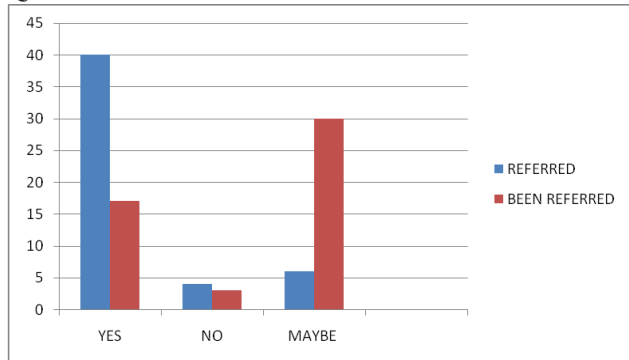
Q1. Logo recall



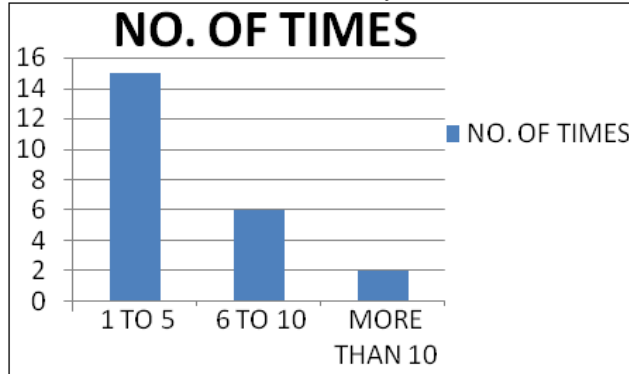
Q2. Zomato services used for which alternative



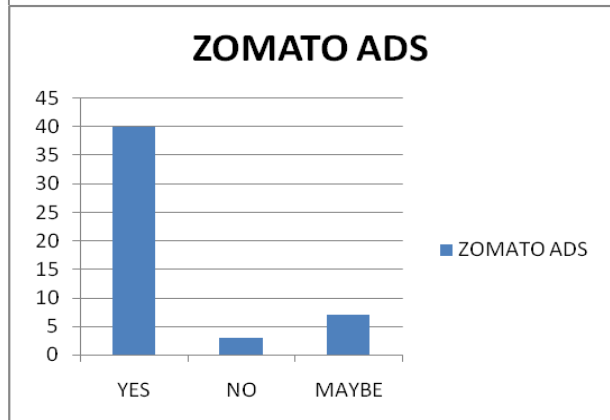
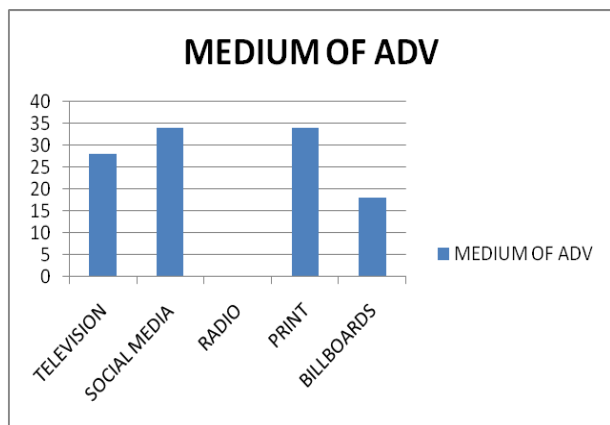
Q3. Ever made use of referrals



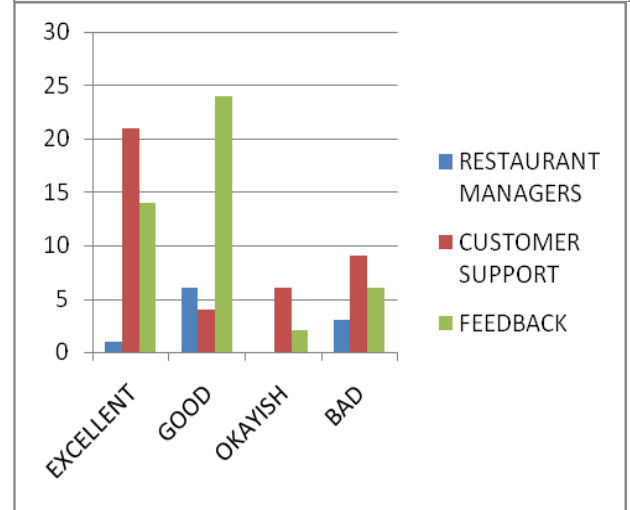
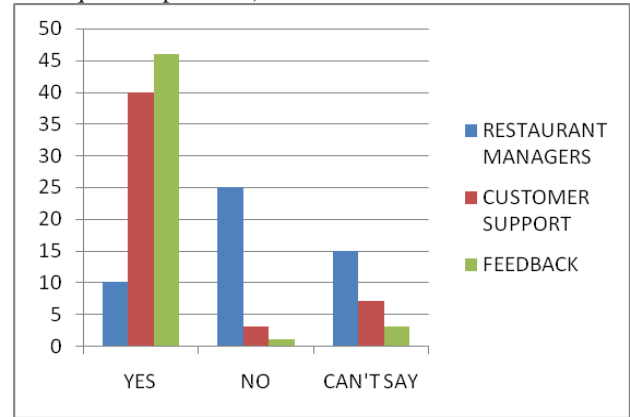
Q4. Wrote reviews for Zomato (if yes, the number of times)



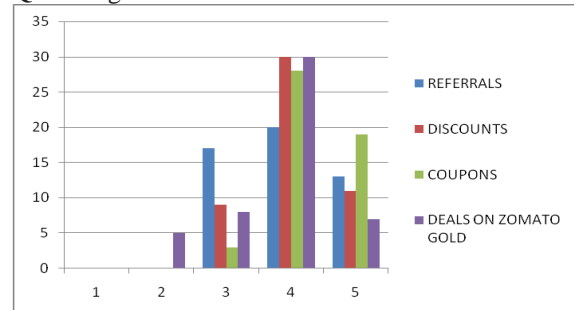
Q5. Ever viewed/ experienced Zomato ads (if yes, what was the medium)



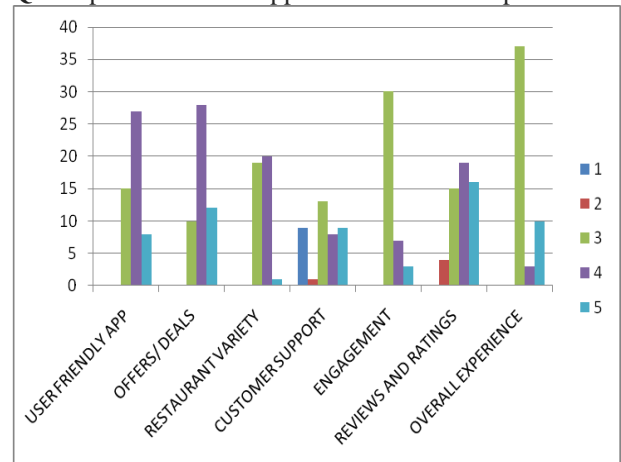
Q6. Interaction with other sources through the app (and the subsequent experience)



Q7. Usage of deals and discounts



Q8. Experience on the app based on different parameters



3. Discussion

From the above questions, the following inferences can be drawn

- 1) The brand recall has been very good which shows that the brand has been able to position itself fairly well in the minds of its customers. The brand has been able to create an impact since most people do prefer to use the app a larger number of times.
- 2) The discounts and referrals have been playing a very important part in its positioning as can be seen through statistics. Most people refer such deals and this helps the brand to gain more recognition through word of mouth. Thus, Zomato should actively continue this trend of providing good deals.
- 3) The brand always takes pride in authentic ratings and reviews available on its platform. Most people using the app do write reviews on various platforms. Similarly, the outreach in terms of advertising has been great. However there is a lack of advertising on radio. Radio is an equally relevant platform when it comes to increasing reach. Thus, the brand should focus more on that.
- 4) In terms of customer support the review has been fairly well. However there have been a few glitches in the feedback sector. The brand needs to work upon incorporating customer feedback..
- 5) The brand ranks well in terms of customer engagement which means that it has been able to set an image of the brand in the minds of its customers. This can be seen through active interaction that people tend to have with restaurant managers, delivery persons etc.
- 6) As per the responses received, the people in the age group of 13- 30 have shown a more positive feedback towards Zomato's social media trends and payment facilities. This clearly shows that the brand creates a bigger impact on the youth through effective social media management.
- 7) It caters to the most relevant needs of the customer, and fulfilled them better than the competitors. It gives ROI to the advertiser/ restaurant owner and is the leader in the segment which it serves (food).

4. Conclusion

Everything that Zomato does today, equips it uniquely for the future. As the industry standard for restaurant reviews, and as one of the largest players in delivery and dining out, we it has unparalleled access to user insights, and relationships with restaurateurs. This is helping it design and scale business models that make this future viable. In this research paper, using a simple questionnaire, we assessed Zomato's current positioning and its correlation with consumer perception. When the expenses are done by an individual during on online food facilities and traditional dining out were compared it was reported that an individual spends more money while dining out with friend, family and/or colleague for the sake of reflecting a good social status. The overall analysis suggested majority of respondents were more attracted towards Zomato than other competitors. The reason behind this was the utilization of better promotional strategies schemes, discounts and user-friendly mobile application by Zomato. Furthermore, the majority of respondents were found more satisfied with the

food quality and fast delivery of Zomato and a wider range of restaurants and choice of food.

Thus, it can be safely concluded that there exists a positive relationship between Zomato's positioning strategy and the consumer perception of the brand's services.

Furthermore, from the present study, it can be concluded that online food delivery services have become a major trend and choice among the population of the country. This trend has brought numerous new business opportunities not only for the young entrepreneurs for their startups but also for the public sectors to start their new ventures under various public-private partnerships.

5. Future Scope

- 1) The reach in rural sectors is not that high. With more and more technological avenues opening up, the brand needs to exploit it through aggressive advertising.
- 2) Sometimes platforms have a fake review system. The brand needs to verify the authenticity of such reviews by having a reward based system.
- 3) Also, Zomato needs to keep innovating. New features like virtual tour of restaurants should be added. Live video shots from café/pubs can be added if some famous band is performing over there. The brand should build on its most used features.

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