Managing the Services Sector – The Case of Zomato Delivery Services

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Abstract

Internet usage has increased as a result of globalization, both inside individual organizations and between businesses and their consumers. Consumers use the internet not only to place an order for a product, but also to research the product's price, features, and after-sale support options at other retailers [Das, J. (2018)]. The Internet is rapidly replacing other distribution channels as the primary interface for finding, selecting, and purchasing media. With the help of online food ordering aggregators (OFAs), customers can place orders from various restaurants with only a few taps of their cellphones. The restaurant food delivery industry is changing fast [Kapoor, A. P., & Vij, M. (2018)] due to the proliferation of new internet delivery channels vying for clients in several Indian metropolises. Even though these companies may swiftly get their orders via online channels and serve multiple restaurants in any particular local market, meal delivery services have grown quite profitable during the previous five years. However, because of how busy people are, the need for delivery services between restaurants has grown substantially. In their spare time, many people order takeout from their favorite restaurants and then go there to pick it up. People's hectic schedules have made them seek out meal delivery services that can speedily get their orders to them. Because of the proliferation of new meal delivery firms and the availability of convenient order-taking apps on mobile devices, demand for these services has skyrocketed.

Keywords: service facilities, online food, smart phones, restaurants, delivering restaurant meals, food delivery services

Introduction

The digital revolution has expanded the possibilities for the application of human ingenuity. It has had a profound effect on the structure of the global economy and market. It includes the Indian economy as well. The adoption of an e-commerce infrastructure wherein consumers can make orders using mobile-based applications and have them delivered to their doorsteps is one example of how digitalization has energized the food business. Zomato is one of several such services that allows people to browse restaurants and order meals online. Zomato's positioning approach is clear and effective for market acquisition, however the company has to develop further plans to compete with food panda, swiggy, and other similar services.

Objectives

The study has the following objectives:

a) The goal is to recognize the marketing mix concepts.
b) To dissect Zomato's marketing strategy.
c) The goal is to investigate methods for improving advertising.
d) The SWOC analysis of the Zomato food delivery mechanism.

Online meal delivery has been a particularly fast-growing area of e-commerce. Customers may now find restaurants serving any number of cuisines anywhere in the world, at any hour of the day or night, thanks to this sector. The table 1 below provides a list of the aforementioned online food enterprises, together with their respective countries of origin and the years in which they were founded.

"Table 1: Online Food Delivery Companies

Sl. No	List of Companies	Country of origin	Year of establishment
1	Domino's Pizza	Ypsilanti, Michigan, U.S.	1961
2	Just Eat	London, England, UK	2001
3	Grubhub	Chicago, Illinois, U.S.	2004
4	**Zomato**	**Haryana, India**	**2008**
5	Postmates	San Francisco, California, US	2011
6	FoodPanda	Berlin, Germany	2012
7	Deliveroo	London, England, UK	2013
8	DoorDash	San Francisco, California, US	2013
9	**Swiggy**	**Bangalore, India**	**2014**
10	**UberEats**	**San Francisco, California, U.S.**	**2014**

Source: Compiled by Researcher"

Zomato: The Antecedents

Zomato was launched in 2008 under the name "Foodiebay," but in 2010 the name was changed to what it is now. Twelve years ago, it began as a personal endeavor in Delhi and has since grown to become one of the largest food aggregators in the world. Now active in 24 countries and 10,000+ places globally, increasing the number of people exposed to healthier cuisine and working directly with businesses to establish a sustainable ecology.

Zomato's Principles Scheme can be delineated as:

a. **Resilience:** Zomato pushes itself beyond its limits whenever it encounters adversity. As they anticipate uncertainty, they can only tackle it with flexibility.

b. **Acceptance:** Customer comments are sorted into useful information, and the business uses this to enhance its operations.

c. **Ownership:** Every problem is their own, and they take the initiative to make improvements.

4. **Humility:** Trust, faith, and keeping things basic are the keys to success.

5. **Judgment:** Most of the time, they want to reach a fair verdict.

It has been determined that Zomato is where all the "Foodies" congregate. The channel is now known as Food Network. In accordance with the Boston Consulting Group, the Indian food industry was worth over 23 trillion Indian rupees in 2015, and it is expected to grow to over 42 lakh crores by 2020, with technology playing a central part in this transformation. Zomato's marketing campaign centers on:

Segment Targeting Particular: "Zomato is aimed for those between the ages of 18 and 35 who often dine out and value access to comprehensive restaurant data. Zomato discovered a broader target market of professionals who like eating out in the workplace and who also enjoy snacking on food that is delivered to their places of stay." NZ festivals, falling under the genre of "experiential events," are held in many different cities and include music, cuisine, and other activities. Zomato's main selling point is that it will improve your relationship with food. It plans to achieve this by expanding its offerings of food-centric items for takeout and delivery services.

Captive Audience : Zomato's target demographic consists of young adults (18–35) that like going out to restaurants with friends and family. The plan is to recruit consumers who are willing to rate and review the location often in the hopes of convincing other people that it is excellent and worth their money. Those who like eating a lot and who are willing to share their meals with others are also targets. These people just want to eat at the greatest eateries the city has to offer. The consumers in question are those who actively seek out restaurant reviews online [Harshleen Kaur Sethi. (2017)].

Positioning: Young people are drawn to the site because they value finding new and exciting locations to eat with friends and family in the great outdoors.

The Marketing Mix adopted by Zomato focuses on:

Product: Zomato is a mobile application/ website that provides users with information about nearby restaurants and their meal selections, as well as the option to make an online order. Zomato provides its users with details on restaurants, including images, prices, menus, and customer reviews. This allows those users to voice their thoughts about the quality of the restaurants' offerings. Point-of-Sale, Restaurant Expedition & Delivery Management, and Advanced Table Reservations are the company's three primary services, as advertised.

Price: Zomato is a free online gateway for restaurants to list their information. Zomato's revenue comes from the advertising of restaurants on their website. The restaurant's banner is promoted,

giving it maximum visibility to everyone accessing the site. They also advise eateries on the best time to expand by opening a franchise location. It has raised prices for Gold members, started cross-selling items at checkouts, and implemented a tiered shipping cost. Online food orders often consist of lunch, with credit card being the usual method of payment. It's no surprise that the convenience and cost-effectiveness of online meal ordering appealed to the vast majority of respondents (95%) [Neetu Dhayal, A. S. (2014)].

Place: Customer usage of a mobile smartphone app to see menus and place orders has facilitated faster service from restaurants, which in turn has contributed to the proliferation of mobile and desktop computing and boosted the service sector's bottom line. The online food ordering service Zomato is compatible with Windows, Android, and iOS. India, Australia, the United States of America, Chile, Malaysia, the United Arab Emirates, Portugal, South Africa, and numerous other nations are just a few of the 24 countries where you may buy it. English, Italian, Spanish, Portuguese, Turkish, Slovak, Indonesian, Polish, and Italian are only some of the supported languages for the intuitive user interface. In addition, they utilize social media sites like Facebook, Twitter, Tumblr, and Instagram to interact with their clientele. In addition, the logistics system has undergone a major overhaul since the days of mail order through the Indian Postal Service. The proliferation of commercial logistic services means that distribution & delivery channels are now considered to be up to the task of achieving customer expectations for speed & timeliness of delivery [Pinto, N. L. (2013)].

Promotion: Zomato's advertising is very targeted because of its pinpoint accuracy. They have their own analytics platform that does a lot of querying and disseminates useful information. As a result, it can hit its target with pinpoint accuracy. Zomato is well-known for having better deals than its competitors. Publishes Zomato ads Save a lot of money on captioned animation and cartoons, and get them delivered quickly. Zomato employs guerilla marketing to differentiate themselves from the competition. As part of a promotion, Zomato hosted a food festival called Zomaland, complete with live music, dancing, and clown acts. Zomato uses discounts and coupon codes to bring in new customers.

Physical Evidence: Zomato is a company that does not sell any of its own goods and has no permanent locations. Zomato's food is delivered by its staff after customers make an order through the website or app. The organization plays the role of a neutral third party.

People: Zomato has a dedicated staff of over 5,000 employees that work tirelessly to satisfy their clientele. In the past, only huge corporations relied on third parties to handle tasks such as food delivery, but now even small enterprises are adopting this strategy. As a consequence, more and more business owners and managers are beginning to recognize and investigate the benefits of outsourcing their food delivery operations.

Process: Zomato requires customers to sign in using their email and phone number. Customer's location is determined, and a list of nearby restaurants is shown together with their menus for easy perusal and ordering. You may pay for your purchase in person at one of our locations or use one of our convenient online payment options. As soon as the order is placed, the restaurant will provide its blessing and send it out. Zomato requires feedback once food has been delivered. Hence, the

procedure is streamlined to ensure the user encounters zero friction. As the restaurant is tablet-based, no unnecessary paper is used throughout the dining experience. The order is not recorded in any way, for instance. A digital menu card is also included.

Strengths of the Zomato Strategy

The strong strategy at Zomato gives glimpses of their success attainment steps.

Systems: Zomato's innovative solutions are built to keep the user engaged. Zomato Gold is a vip membership reward program that gives its members exclusive perks including Buy One, Get One and two free drinks at participating restaurants. There are now 600,000 people using Zomato Gold. As a result of the initiative, more people are eating out, which has increased business significantly.

Strong Brand Name: Zomato has built a brand that is synonymous with reliability and convenience, which is essential for sustaining its position in the market. Although Food Panda or Uber eats have been around longer than Zomato, they still need to work harder to build consumer recognition.

Focused use of Technology: Zomato's most notable feature is its sleek and intuitive UI. The app's visual attractiveness and ease of use have given the company an advantage over rivals. Zomato's website and mobile app are both very quick to load and easy to use, even for those with little prior experience. Zomato invests extensively in creating a compelling Interface for its clients. Its incredible success may be directly attributed to its use of data analytics. Zomato has a leg up on the competition because to its data-driven approach. Business operations and commercial productivities like delivery time prediction, logistics optimization, advertising, and supply chain management may all profit from this.

Conducting SWOC Analysis of Zomato

The most common method for tracking and evaluating a company's position in the competitive landscape is the Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis. The major purpose is to analyze options for creating a corporate business strategy that harmonizes resources and capabilities with external environment. "The SWOC framework is used by companies to assess their own performance as well as that of their competitors and the market they operate in. A complete investigation of the industry's operating environment, SWOC helps to project many aspects of the environment and include them into the decision-making process of an organization" [Aithal, P. S. (2017)].

Strengths Evaluated of Zomato

Zomato has the following Strengths:

a) Zomato is considered a "Specialty Product" by its users since it solely provides information on restaurants and food.

b) Customers have a high level of familiarity and confidence in the brand, ranking it as their favorite product.

c) They have a global reach, having a membership of over 1.5 million eateries across 25 countries.

d) There are more than 1200 hardworking, devoted people making use of the facility's cutting-edge technologies.

e) A simple and straightforward interface is provided.

f) It uses an aggressive and cutting-edge marketing approach.

g) Brand is a multiple-award winner.

h) They have a popular website, www.zomato.com, that draws in many customers.

i) More than five million people across the world have downloaded the app.

j) Regular updates to the app's content help keep users interested and encourage them to make repeat purchases.

Areas of Weakness

Zomato has the following weaknesses:

a. Growth is likely to be capped due to rivalry between popular search engines.

b. Fast expansion leaves material open to being tainted.

c. Low quality of meal delivery due to insufficient training of staff.

d. The coverage is spotty throughout the countryside.

e. The inability of governments to adequately monitor all online transactions and the opportunistic conduct of certain online merchants pose a significant threat to clients who make orders that are both large in size and highly personal. Included in this category are dangers to the product, the seller's psyche, and their ability to make money. The Internet's unstable existence, which is beyond the control of online business owners and clients, poses a threat to the natural world. It presents potential security and financial risks.

f. Cons include the absence of human interaction at the table, the inability to examine the goods up close, and worries about the logistics of ordering, receiving, and returning food as well as disclosing one's payment card information online.

g. Customers' dietary efficiency may suffer if they rely too much on food delivery services on the internet and spend less time preparing meals at home.

Appreciating Opportunity

The opportunities in Zomato are as follows:

1) Possibility for expansion into further nations.

2) Expanded into more rural and peri-urban regions.

3) The proliferation of smartphones has led to a rise in internet accessibility.

4) Because of how quickly technology is improving and how much easier the user interface has become.

Challenges

Zomato has the following challenges to face:

a) Strong competition from similar services.

b) Preventing cyber threats that might compromise user information.

c) Business models are vulnerable to changes in government policy because of the absence of defined norms and regulations.

d) The company's long-term viability is threatened since the business model is readily replicable by rivals.

e) Dissatisfied internet shoppers may easily transfer to a competitor due to the low or nonexistent switching costs associated with doing so. As a result, keeping customers is difficult for any firm that operates online, necessitating additional work and techniques aimed at making customers happier.

f) To keep customers from looking elsewhere, online meal delivery services must guarantee that their orders will be fulfilled within a reasonable lead time.

Zomato's Competitive Edge

a) In its marketing strategy, it makes extensive use of search engine optimization and paid advertising. Offline methods, such as out-of-home advertising and business-to-business promotion, supplement the usage of word-of-mouth.

b) It also sometimes employs television commercials at peak times like Diwali, New Year's, etc.

c) Synthetic version of its mother restaurant-finder service, which has had rapid development of 210 percent each year because to its good market positioning and enormous user base.

d) An accessible international mobile app is available for Google Android, Microsoft Windows Phone, Apple iOS, and BlackBerry OS. As the number of people using its mobile apps grew, the company decided to start selling ads inside them.

e) It is geared on acquiring customers using digital marketing methods. In addition to traditional methods of advertising like phone calls and postal mailings, the company has now started using instruments like discounts and referral programs.

f) Zomato has a very effective field sales team. The ZOMANS Members, also known as ZOMANS, engage in offline interactions with business owners to sell advertising space, ensuring that everyone, not just the tech-savvy, can learn about the available options.

g) Zomato places a premium on consumer interaction, thus the company actively seeks out feedback from diners through a variety of channels, including social media and mobile applications.

h) It has been shown to be a huge user-friendly platform for locating food throughout numerous locations, and information is offered about the restaurants, nightlife, coffee shops, and luxury dining that are most popular with teenagers and foodies.

i) With the Zomato app, consumers may access the Zomato Gold and Zomato Treats services; in exchange for an annual membership number, they are required to pay a one-time, flat cost.

As a result, the convenience, usefulness, progress, trust, and external impact of online food ordering are the variables that influence the attitudes of internet users. "Restaurants of all sizes are complaining that they are being pressured to agree to terms and conditions that benefit the aggregators. This requires a significant portion of the discounts to be financed through solely the distribution of the aggregators' fleet, a significant reduction in meal preparation time, and complete lack of transparency regarding the operation of in-app recommendations and what restaurants can do to increase the frequency of their recommendations." That's hardly a reason to grumble, either, since eateries are booming on Zomato's coattails. Concerns over clients' personal information are minimal; nonetheless, some restaurant operators have heard that a small number of aggregators would not reveal the identities of their customers. It's possible for restaurants to see this as a conflict of interest since the aggregator is building its own company while also amassing a vast database of clients' eating preferences. It's possible that those who aren't computer savvy or who are wary of new technologies would encounter difficulties as well. Because of these issues, consumers may be unwilling to use the online meal ordering system, which might negatively affect customer satisfaction and system uptake. Those who value open dialogue with staff members are also unlikely to choose a service that prioritizes convenience above customer satisfaction, such as an online meal ordering system. To guarantee the reliability of the ordering system, restaurants should consult professionals to make sure the platform is available and runs well at all times.

Customers use the online delivery app because it is convenient, because it is fast, because it is accurate, and because it is easy to use. This study compared the experiences of food delivery companies that provide quality online service and the operators' perceptions of customer taste and preferences. Unchecked internet purchases expose consumers to potential dangers. Customers' worries that their information might be stolen through the Internet open network create security risks. Customers' dietary efficiency may suffer if they rely too much on online food delivery services and spend less time preparing meals at home. Because of this, keeping existing clients is tough.

Zomato Trading Policy

Zomato defined cloud kitchen in February 2017 on a blog it was affiliated with. The company's cloud kitchen was designed to aid eateries in expanding their menus at no extra expense. Zomato promised that the company had "become accommodating" among the 24 countries it had been working in by the end of September 2017 and announced a "zero commission model" that would be made available to partner restaurants. Zomato fired 541 employees in September 2019, or around 10% of the workforce, due to underperformance in areas such as customer service, seller support, and transport team member assistance.

Mr. Deepinder Goyal started Zomato and serves as its CEO. Deepinder worked as an operations master for "Bain and Company" in New Delhi before he founded "Zomato" (then known as "Foodiebay"). After seeing his business companions' passion for menu cards, Deepinder had the idea for an online restaurant information and organizing system while working at Bain. He left Bain in 2008 to launch Zomato (then known as foodiebay) from his apartment, where he has since managed the company's infrastructure and product development. Deepinder is originally from Muktsar in Punjab and received his Bachelor of Science in Mathematics and Computer Science from IIT Delhi in 2005. Pankaj is the COO and one of the company's co-founders. Pankaj furthermore worked for 'Bain and Company,' based out of New Delhi, before he joined Zomato. Pankaj manages Zomato's plans and operations in local and international markets.

Revenue Model at Zomato

Zomato began by featuring amazing cafes, a static menu, and customer reviews of the food and service. Customers now have a place to hang out, and the bistro's advertising and permanent online presence are two of its most important sources of revenue. Zomato, like OpenTable, began as an online food reservation and delivery service; however, it is now only available in certain "Top Metro Urban Zones" and "Premium Bistros," and it charges between 10 and 15 percent for online reservations and additional fees for delivery. We made all of our money and focused all of our attention on advertising three years ago. We have evolved into primarily an exchangers business, with 85% of our revenue coming from that source in March of this year.

Conclusion

Zomato's reach is limited in rural areas. Increasing opportunities exist in the realm of technology, and the company has to take use of them via bold advertising. There are websites that use a false review system to trick customers. Zomato should use a reward system to verify the veracity of user evaluations. Zomato must also innovate by including novel services like a virtual restaurant tour. Live recordings and video shots from restaurants and cafés may be included as new features, particularly if high-quality musicians are playing at these establishments. Simply put, Zomato's digital marketing strategy has to evolve to stay up with the times. They need to come up with novel approaches to pique the attention of consumers once more. They are now doing admirably. They will make more money if they keep at it. Zomato has to be more adaptable so that it can compete with other global online meal service companies.

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