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## Study showing the relationship between online food delivery platforms and revenue earned by restaurants in Mumbai.

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### ABSTRACT

*Online orders and doorstep delivery are one of the most significant development in India during recent time. The customers are fortunate to select any food item of their choice from any of the listed restaurants at whatever time to any place. The main objective of this study is to collect information about online food platform and how it influences the revenue earned by restaurants in Mumbai. The data will be collected through the questionnaire distributed to 114 restaurants and 100 customers across Mumbai City who are using online food delivery platform. Also, interviews will be conducted of the managers to know analyze cost and benefits of using online delivery platform. Also, secondary sources of information like journals and research articles will be used for the purpose of research. Data will be analysed using SPSS Package, etc and the conclusion will be based on analysed data.*

**Keywords**— *Delivery Platform, Hospitality Sector, National Restaurant Association of India (NRAI), Online Application, Database*

### 1. INTRODUCTION

Online food delivery structure works as a mediator between customer willing to order cuisine available across various restaurants and the restaurant whose goal is to attract more and more customers. As the restaurant and customer have different objective for using a particular food delivery platform, it is important to study both the perspective.

Every food delivery platform consists of two important components, they are:

- First is to make available to the customer varieties of dishes from different restaurant from which he can select item for his online order.
- Later is to develop a system which enables restaurant to secure and deliver the order.

The application used by customer to place his or her order will be more convenient if customer can enjoy following benefits.

- Easy accessibility through various devices.
- Easy search engine with a wide variety of choices which are available at restaurant across delivery area.
- Simple configuration for delivery at place, pick up, uncontacted delivery and other important delivery instructions.
- Easy Payment Gateway.
- Availability of present status of order with approximate time require to deliver that order.
- Quick review of past order.

The restaurant's interface is the other important part of this food online delivery system.

- Easy accessibility to all the devices which are moving or placed in the restaurants.
- Ensuring real time order management with sequencing the receipt of an order.
- Granting restricted access to few members of staff.
- Simple settings and configuration.
- Live notifications to keep updated status on an order.

If the food delivery software excels in the two of its important components, it can satisfy customer as well as clients. In India we have various food delivery interface available. Few well recognised applications are Swiggy, Uber Eats, Zomato, Dunzu, Food Panda, etc.

## **2. OBJECTIVE OF THE STUDY**

- To study about the awareness of various food delivery platforms available in Mumbai.
- To analyse how the income of the restaurant is linked to food delivery platform they are using.
- To know about accessibility and benefit of food delivery platform to customers.
- To perform cost benefit analysis of food delivery interface for restaurants.
- To understand entire online food delivery process from placing of order to delivery to the ultimate consumer.
- To understand who the customers grievances and customers feedback are taken into the consideration.

## **3. RESEARCH METHODOLOGY**

The data was collected from national publications and various research papers available publicly. New Articles published in newspapers and business magazines like economic times, India Today, Business Today and Forbes were used. Also, separate sets of questionnaires will be sent to 114 hotels and 100 customers across Mumbai to know about their experiences with food delivery platform. Managers of Restaurants will be interviewed to know about to collect the data about working of interface and cost benefit effect of using online food delivery application.

### **How the restaurant get itself listed on food delivery application?**

- a. The restaurant can visit partners registration page, fill and submit the form.
- b. The documents which are required to attached by the restaurant is GST, FSSAI, Restaurant's or Owner's PAN and Bank Detail.
- c. The details of food menu, additional charges if any and operating time should also be provided by restaurant.
- d. Apart from online procedure there is also a telephonic procedure used by various online food delivery platform in which details are collected via recorded telephonic call followed by visit of employee to restaurant.
- e. After complying with all the paperwork, point of contact (POC) will be assigned through which the restaurant can go live.

### **Fees and commission charged by food delivery platforms:**

Major applications in India like Zomato and Swiggy do not charge any fees for getting listed, however they charge commission on the order. The commission rates vary between 15% to 22% plus goods and service tax.

### **Simple and Secure Customer Experience**

With the use of online platform, the procedure of order and home delivery has become quite simple with more customized and controlled delivery according to the customers specification. The customer is provided with wide choice as well as specific delivery time and any other customized requirements. The customer is always aware of the of the entire procedure from start to end and can keep a track of his order through GPS system. This effortless customer experience helps restaurant to boost their sales and to generate more revenue.

### **Targeting Larger Audience**

Initially restaurants use to focus on the local audience while targeting a buyer. Now with the help of food delivering partner its is possible for the restaurants to deliver food to different part of the cities. The restaurants can compete for larger group of audience, thus improving their quality.

### **Visible Brand**

Earlier, it was possible to create a brand only with the good quality of the food. Now enhanced digital experience adds to the bigger reputation. Also, this food delivery app reminds makes it easy for customer to make a note of previous orders and thus creating a better brand image.

### **Customer Retention**

Every restaurant focusses on building their brand and maintain their reputation thus ensuring the steady sales and growth. Food delivery platform can assist their partners to retain their customers by providing them with discounted rates and special offers. By regularly informing customers of discounts, offers and specialties, food delivery platform tries to boost up order from a restaurant.

### **Filtering options**

Customers can sort out specific cuisine with offered discounts. It provides better bargaining power to the customers and make it easy for the restaurants to deliver their authentic special dishes or food niche to customer.

### **Variety in modes of payment**

Customers are allowed to pay the amount via multiple options from digital payment to cash on delivery. It is observed that majority of customer prefers cashless mobile experience rather than opting for cash on delivery. Also, various types of discounts are provided by e-wallets, credit and debit card companies and various payment gateways which encourages customers to go cashless and benefits restaurant to get their share of money without any inconvenience.

### **Feedback System**

Food delivery application collects feedback from customers on regular basis. This feedback helps restaurant to rectify their mistakes and serve better. It helps to improve the quality of food by keeping constant check. Good feedback for a restaurant means customer retention. It can also act as customers recommendation to the other customers.

### **Food Delivery App and Pandemic**

Since the inception of Covid-19, listing of restaurants on food delivery app has become vital for their success. Majority of the people went online and there was hike in orders placed on food delivery app such as zomato and swiggy. Global investors are positive about their investments in food delivery app. Food delivery companies made \$1.36 billions in 9 funding rounds in year 2020-21. The company which topped the list was Gurgram based Zomato followed by Bengaluru based Swiggy and Food Panda. Zomato also acquired Uber Eats, the uber food delivery business in India.

### **Food Delivery App and Revenue generated by restaurants –**

Zomato started as centralized information engine in 2008 where details, menu, price and ratings were available at Zomato site, soon food delivery was added to this in 2009 and food delivery app was formed in 2012. Even logistic company was started by name of “Bundl” but the owners wound up their business and transferred all their assets to food delivery company known as “Swiggy”. Even if food delivery companies developed their app and started food delivery business by 2012, it hardly use to contribute 5% - 10% of the total restaurant’s income. It was only at the end of 2015 food delivery app started gaining its market share. From 2016 to 2019, food delivery apps contributed approximately 46% to the restaurant’s total revenue. The initial era of 2020 was quite tough for the food and hospitality sector. Majority of the countries’ population preferred to have home cooked meal and there was decline in the income of food delivery apps. However, the by the end of June 2020 industry started recovering and food delivery app started share in restaurant’s revenue increased to 83% making it necessary for majority of the restaurants to get listed on atleast one food delivery app.

Even after reopening of restaurants, food delivery app contributed to more than 70 percent income of the restaurants. In April 2021, during second wave of covid-19, restaurants were dependent upon food delivery app. However, this time restaurants earned 86% of their income through food delivery app. Now food delivery apps are imperative for the survival of the restaurant.

### **Market share of Food Delivery App in India**

Zomato holds the market share of 38%, followed by Swiggy which is 27% and Food Panda -13%. Zomato acquired uber eats to become top most company in food delivery. There are also other companies like travel khana, fasoos, dominos, box 8, fresh menu and pizza hut who have good market share in food delivery.

### **Concentration of online food delivery market**

Geographically Bengaluru, Mumbai and Delhi are the crucial areas for online food delivery app which targets 53% of the total audience. However, these apps are also making their way into smaller cities with growth prospects.

### **Market Size and Expected Growth**

In 2020, The valuation of Indian online food delivery market was USD 4.35 Billion. IMARC group expects Compound annual growth rate of 30.11% from 2021 to 2026.

## **4. CONCLUSION**

- (a) Food revenue app generates its revenue from the commission collected from restaurant on order basis as well as delivery charges from customers.
- (b) Food delivery app ensures safe and secure transaction a timely delivery which ensures strong customer base. Thus, restaurants getting listed on app can target more customers.
- (c) Proper feedback and customers rating system helps restaurant to improve the quality. The restaurant with good ratings makes visible brand reputation. These ratings also act as recommendation from one customer to other.
- (d) During the pandemic era, getting itself listed on food delivery app has become crucial for the survival of the restaurant.
- (e) Online food delivery platforms are growing in India at faster pace and is expected to grow more in upcoming years.

## **5. SUGGESTIONS**

- (a) In a digital area, it is essential for restaurant to go online to target more customers.
- (b) Restaurant should try to improve its rating on food delivery app by serious consideration of the customer’s feedback.
- (c) Online food delivery app can improve its existing infrastructure by adding more features such as online calling to the restaurant and delivery person ensuring proper communication between the parties.
- (d) Food Delivery App can cover more areas having success potential to enhance the income of the restaurant in that area.

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**Annexure 1  
For Restaurant Staff**

Name of the Staff:

Name of the Restaurant:

Job Profile:

1. The restaurant is registered on which food delivery application?
  - Swiggy
  - Zomato
  - Uber Eats
  - Food Panda
  - Box 8
  - Travel Khana
  - Others
2. The time span for which the restaurant is registered on the following app?
  - More than 10 years
  - 5 to 10 Years
  - 1 to 5 Years
  - Less than 1 Year
3. Was there any positive change in the restaurant's revenue after getting registered on food delivery app?
  - Yes
  - No
4. Is it easy for restaurant to increase their customer base after getting registered on food delivery app?
  - Yes
  - No
5. Is the procedure of getting the restaurant registered on food delivery app easy?
  - Yes
  - No
6. Is the system used for real time food delivery management used by delivery app which keeps track of placement of the order till delivery of the food is uncomplicated?
  - Yes
  - No
7. Do you think food delivery app have helped the restaurants in creating and maintaining its brand value?
  - Yes
  - No
8. What are the major issues with food delivery app?
  - Inflexibility
  - Slow Processing of Order
  - Quality of delivery and Packing
  - Other

**Annexure 2  
For Customer**

Name of the Customer:

Name of the Food Delivery App or App's used:

1. The time span for which the you are registered on the following app?
  - More than 10 years
  - 5 to 10 Years
  - 1 to 5 Years
  - Less than 1 Year
2. State the reason for which you prefer to order via food delivery app?
  - Ease in placing order
  - Huge discounts
  - Easy to track order
  - Varieties of options and filtering options
  - Previous customer ratings
  - Varieties of payment option
3. Is your food delivery app user friendly?
  - Yes
  - No
4. How would you rate delivery and packing service of your food delivery app?
  - Excellent
  - Very Good
  - Good

- Average
  - Below Average
5. Have you faced any grievances while ordering on food delivery app?
- Yes
  - No
6. If yes is your food delivery app reliable to solve the grievances and to deal with customer feedback?
- Yes
  - No
7. How well are you satisfied with the service of your food delivery app?
- Very Satisfied
  - Satisfied
  - Average
  - Not Satisfied