Zomato's race to capture the foodtech market

Ratna Achuta Paluri, Rishabh Upendra Jain and R. Sankara Narayanan

Zomato gears up for the future

It was early September 2018, three months into the new financial year. In April the same year, Zomato, the Indian foodtech unicorn published its second Annual Report for Financial Year (FY) 2017–2018. The year, 2018 was special because it marked their tenth year of operations in the Indian start-up ecosystem. It was also the first time that the company broke even across all business segments globally and witnessed profits throughout the year. This was a milestone that not many start-ups achieved. Zomato had both scaled up and rolled back its operations of new product launches and new market entries throughout its journey. Overseas markets were not profitable initially, and the company had to scale down its operations in four of the nine countries in which it was operating. However, by late 2017, the company made profits across all the 24 markets it operated in. It had a strong presence in Auckland, Melbourne, Dubai, Manila, Istanbul and Jakarta. The company's advertising business in the three key regions of Southeast Asia, the Middle East and India, was generating adequate revenues for the other regions and new businesses [2]. Based on the metric developed by Zomato, the overseas markets seemed more attractive than the domestic markets if Delhi-NCR, which was the most information-rich market when taken as a benchmark [3]. There were no restrictions on the Indian food delivery companies for establishing their units overseas. But companies faced difficulties, such as the need for a local partner or high compliance costs when expanding abroad.

On the domestic front, the Indian market was large in terms of volumes. There was a rise in the number of consumers with higher disposable incomes, an increase in the number of families with no kids but had double income and an increase in the number of people with access to the internet and smartphones. These factors resulted in a growing online food delivery market in India [4]. However, the Indian market was highly fragmented, small-ticket size, low-margin with less loyal consumers [5]. All the major players in the Indian market, Zomato, Swiggy and Foodpanda subsidized deliveries for low-cost orders or provided deep discounts, which were earlier borne by customers. High cash burn characterized the Indian food delivery business. In February and March of 2018 alone Zomato spent $6m on discounts in major markets such as Bengaluru, Hyderabad and Chennai, which were dominated by Zomato's major rival Swiggy [6]. The last mile cost per delivery was as high as $1.1 and the driver metric of the number of deliveries per rider per hour was 0.9 [7]. Further, reports were stating that consumers associated Swiggy with food delivery services over Zomato [8]. In 2018, reports by market intelligence firms showed that Zomato's closest competitor, Swiggy, began dominating the Indian market [9] and was exploring its entry into overseas markets. Competitors such as Swiggy and Foodpanda were well-funded.

Deepinder, the CEO of Zomato, had ambitious plans. He aimed at market dominance and profitability of the company's units across the globe, and not just Indian operations [10].

Ratna Achuta Paluri, Rishabh Upendra Jain and R. Sankara Narayanan are all based at the Symbiosis Institute of Operations Management, Symbiosis International (Deemed University), Nashik, India.

The authors wish to thank their students Mr Parag Pathak and Mr Yash Gujrati for helping the authors in creating Exhibit 1 of the Teaching Note. The authors also thank Mr. Sree Ram Murkuri for helping us prepare the final manuscript

Amid the growing competition in the food delivery business, Zomato's co-founder, Pankaj Chaddah, exited the company in May 2018. The company's expansion and success in the UAE market were credited to Pankaj. Since its inception, the company faced many problems such as security breaches, layoffs and debates that the company may not be able to raise any money [11]. 2018 was a crucial year for the company, as the domestic market was becoming more competitive. Firms in the Indian food delivery business were consolidating to survive or stay competitive. Business models were unsophisticated and new players entered the market pressurizing profit margins. Like most other firms the rising challenges in the domestic market, and the vast potential in global markets (see Exhibit 1, Exhibit 2 and Exhibit 3), Deepinder faced the dilemma, of chasing the lucrative global markets or trying to maintain dominance in the large domestic market. What should Deepinder do to add more value for customers and investors, and to increase Zomato's revenues in this race to remain at the top by the end of the year 2018? Should Zomato enter foreign markets for increasing its investment opportunities, reduce costs, diversify or recruit talent? Could Zomato create more value by expanding abroad, rather than operating locally and catering to domestic markets? Alternatively, should the company serve both domestic and overseas markets?

Deepinder Goyal and Zomato

Deepinder Goyal was the Founder and Chief Executive Officer (CEO) at Zomato. Born in 1983, he hailed from a humble middle-class family in Punjab. In 2005, he graduated from IIT Delhi with a major in mathematics and computing. Through 2008, he worked as a management consultant at Bain & Company in Delhi, and in later years, he began investing in various domestic start-ups. As a travel enthusiast, he travelled to many countries and had a strong presence on various social media platforms. He is also known for taking a solid stand for employees and Food and Beverages communities at large [12].

About the company and the journey so far

In 2008, Deepinder Goyal and Pankaj Chaddah launched "Foodiebay", one of India's most used food directory, based in Gurugram, India (Exhibit 4). The founders were graduates from the Indian Institute of Technology (IIT) Delhi and ex-analysts at the consulting firm Bain & Company. In their quest to address the difficulty when accessing online restaurant menu options, they started their entrepreneurial journey "Foodiebay" as "an internet directory for restaurant menus". Their initial business model was to drive around Delhi to collect restaurant menus and put them online. Soon, Prasoon moved to Mumbai, leaving behind the venture. Pankaj stepped in to help take the idea further, and this was a turning point for the company. In a short span of nine months, the six-member team ran the biggest restaurant directory in India's National Capital Region (Delhi, Gurgaon, Noida, Faridabad and Ghaziabad) to cover a population of over 46 million. Their first product offering was a restaurant search and discovery platform, where users found restaurants in their vicinity using filters like geography, price, cuisines and restaurant timings, among other options. This allowed users to access restaurant menus and encouraged users to actively engage with the platform using the reviews and rating feature. In 2010, two years into its existence, the company was renamed Zomato. With the new branding, the team launched their product into more unexplored regions taking the monthly unique visitors from 1 million in 2011 to 8 million by 2012 end (Raman, 2018). In 2015, reacting to competitor moves in the foodtech space (Exhibit 4), Zomato ventured into the food delivery business. In this business model, the company charged 10%–15% from its restaurant partners for online ordering with additional commissions for delivery by Zomato. It slowly moved from outsourcing delivery to internalizing logistics, which by 2018 contributed to a significant share of its revenue (Exhibit 4). By 2018, Zomato was amongst the largest restaurant aggregator and food delivery services in India. The key milestones of the company as presented in Exhibit 4 show the company's growth over the years.

Strategic advantages for the company include – its first-mover advantage, robust content platform, efficient employees, suitable rating mechanism and social platform, and funding from experienced sources [13]. The first-mover advantage for Zomato emerged from the fact that there was no other platform available for people to discover restaurants, and to compare and contrast restaurant services in India. The firm had a large amount of data and maps collected over some time. The firm used several open-source technologies such as Redis servers, MySQL PHP for creating an engaging user experience. Further, they integrated Facebook into their applications [14], where users could connect Facebook with their Zomato account. Given the company's strong overseas market presence, it had multiple avenues to fund its app and operations [15]. Zomato had more than 5,000 employees [16]. Deepinder believed that the key qualities the company looked for when hiring were ethics, respect, attitude and skills. Steven Murray, the Global Head of Recruitment and People Development at Zomato, stated that it was essential from a human resource perspective that the employees were culturally fit, followed transparent communication, possessed the mentality of owning the firm and had brand advocacy [17]. The company aimed at long-term engagement with its personnel.

Zomato's business processes

The business process of Zomato involved the following stages:

- building the masters and data structures;
- logistics planning;
- supply chain optimization;
- scenario building; and
- process controls and MIS reports and dashboards preparation.

A quick post-mortem of the company's business processes revealed ample opportunity for the company to provide consumers lower-priced services and other food items and other value-added services. A review of the company's inbound logistics process revealed that the company maintained real-time inbound inventory data, order handling systems and a reservation system. Zomato adopted a standardized model and accessed a real-time sales and inventory system. It leveraged its technology operations to provide a smooth table booking and website interface for ordering food through its technology-based operations. The outbound logistics processes included order processing and order delivery. The company's communication, restaurant promotion and on-boarding restaurants based on user interest improved the marketing efforts. Its outbound logistics team acted as a third-party logistics service provider for its restaurant partners by connecting them with customers who looked for delivery options. Success here was heavily dependent on their efficiency in managing the logistics fleet.

Zomato's offerings

Zomato was in the food delivery business and was one of the largest food aggregators in the world [18]. It offered services such as restaurant search and food discovery software application, online ordering, subscription services, point-of-sale (POS) systems, table reservations and management services (Exhibit 5). Food delivery apps (software applications) such as Zomato helped deliver food for customers from their preferred restaurant, irrespective of location. The online food delivery apps worked on the on-demand business model for food. When a customer placed an order on Zomato or any other food delivery app, a notification was sent to the respective restaurant, the closest delivery person and the platform owner. These parties coordinated with each other and completed the task. These apps bridged the gap between the customers and the food vendors.

The unique selling proposition (USP) of Zomato was the availability of in-depth information on menus of most restaurants, with pictures and map locations and user reviews of the restaurants. The key value proposition for the consumers included substantial dining options, which enabled easy and time-saving decision-making. For restaurants, the key value proposition included - event management, increased online presence, improved visibility, customer engagement and service, targeted advertising and deeper insights on consumer behaviour patterns. As a one-stop shop for food lovers, Zomato provided ratings and reviews for evaluating restaurants. The company launched several initiatives aligned with suppliers' and customers' demands. These initiatives subsequently helped it generate revenues across three lines of business, namely, delivery, dining out and sustainability.

Delivery

Delivery partners of Zomato picked up the orders from the partnered restaurants in selected cities [19] and delivered them to the customer. In FY 2018, food ordering constituted 30% of the company's revenues, up from around 18% in FY17. By March 2018, food ordering was live in 15 cities in India and 5 cities in the Middle East and reached 5.5 million monthly food orders. In early 2017, the company acquired Runnr, and by February 2018, Zomato delivered about 60% of the food orders on the platform. Zomato's Pickup was another driver in the delivery business, where the user could place an order on the platform and pick it up from the restaurant.

Dining out

Dining out was aimed at enhancing the customer experience and comprised services such as restaurant listing, reviews and table reservations. Globally, 1.2 million restaurants were listed with Zomato through 2018. Of these, more than half were in India. Table reservation services grew substantially for the company over the years. Exhibit 6 provides key metrics. Zomato found its product-market fit right with Zomato Gold and Zomato Treats. Since the launch of Zomato Gold in India, the company saw phenomenal demand from users for this product and the company touched over 2,80,000 active user subscribers by March 2018 (and growing very rapidly) across both the subscription programs – Zomato Gold and Zomato Treats (Zomato Annual Report FY18, 2018).

Sustainability

Hyperpure was launched in July 2018 [20] as a part of Zomato's sustainability initiative. Hyperpure was Zomato's supplies platform for restaurants. It aimed at providing the restaurant partners with clean and fresh ingredients such as fruits, vegetables, groceries, meat, seafood and beverages. The company stated that it worked with farmers, producers, mills and processors to source high-quality products and maintain consistency.

Zomato entered the experiential events segment with their flagship event called "Zomaland". Since 2018 [21], this event, one of India's largest food carnivals, was organized in major Indian cities. There was a large variety of food on display by the pop-up restaurants coupled with fun games, artists, comedians and interactive installations. In the very first year, the event had more than 100,000 visitors. The company's primary source of revenue was selling ad spaces to its restaurant partners through sponsored listings. Zomato's advertising business grew slowly, and hiring in the ads business stopped as the company wanted to crack the transactions piece instead. The number of employees in the ad sales team went down by 20% since 2017, but the ads revenue grew by 20% year on year, with approximately 15,000 paid restaurants for the ads business in 2018.

Zomato's customer acquisition cost was as low as $0.07, which meant it broke even as soon as a customer placed his first delivery order [22]. Another major source of revenue was the commission it charged restaurants (Exhibit 5).

The marketing strategy of Zomato

Consumers for the delivery and dining out services were individuals aged 18–35 years, who had access to smartphones and were comfortable using apps. These consumers mainly included individuals looking for information on restaurants, working professionals in need of food at their offices, students in hostels, people not having space to cook or people who wished to eat outside occasionally. More than 40% of the total sales were driven by referrals. Zomato positioned itself as a platform that brought restaurants, suppliers, consumers, food suppliers and logistics partners together [23], and cross-selling across these different customer segments brought additional success/revenue to the firm. Zomato maintained a good social media presence and was very active on Instagram, Facebook and Twitter, with followers on each of these platforms in the millions. It engaged with its audience by posting trendy topics, current affairs, comparisons, fun & sarcasm [24]. Zomato was omnipresent on the internet and used strategies such as discounts and promo codes to attract more customers while their blog provided additional updates on their initiatives.

Race in the Indian food tech sector

In 2008 [25], Zomato was among the first to enter the foodtech business in India as a platform for restaurant search and discovery, online food ordering and restaurant table reservations. Its initial focus was to solve the problem of finding a good restaurant using a user-friendly technology platform. It was probably in the first phase of the Indian foodtech companies. This was followed by companies like FoodPanda offering services such as aggregators, working around ordering/booking restaurants. Foodpanda India, based out of Gurgaon, was active in more than 200 cities by 2015. Foodpanda was acquired by Ola for $40–$50m [26] in December 2017. By mid-2018, the company had 200,000 daily orders. Foodpanda acquired HolaChef and entered into the cloud kitchen space. Another major competitor in the foodtech industry was UberEats, which had a high brand recall as it was an offshoot of Uber. It lacked the restaurant coverage that Zomoto and Swiggy had. Ubereats had over 750,000 million monthly orders in 2018. Companies did not enter into the food delivery business till 2015 as the food delivery economics was not lucrative. The demand was insufficient and there were not enough riders to deliver food from restaurant to customers. In the next phase, companies such as Swiggy worked around "delivery" in the value chain [27]. According to a report by RedSeer Consulting, the food delivery business in India was to grow to $1.5bn by the end of 2018 in terms of gross market value (GMV) (Exhibit 6). The sector was growing at a rate of 15% quarter-on-quarter.

While Zomato started its restaurant discovery platform in 2008, its biggest rival in food delivery, Swiggy was launched in 2014 (Exhibit 5). In 2018, Swiggy expanded its operations by entering similar businesses that delivered products like pharmaceuticals, milk and other grocery items to end customers. Zomato also expanded its business by helping its restaurant partners procure fresh and clean food ingredients through its newly launched service called HyperPure. Other notable players in the foodtech race were Foodpanda, and UberEATS. Exhibit 5 provides detailed information on Zomato and its primary competitor Swiggy on several key indicators. According to international media reports while Zomato and Swiggy were competing at the top, UberEATS, valued at $20bn, was aggressively entering the Indian market. Since May 2017, UberEATS actively acquired delivery boys and added new restaurant partners every week. Given Uber's Initial Public Offer (IPO) road map, it was initially planning to sell its Indian food delivery business to Swiggy, but the deal was later called off. Foodpanda, another food delivery company founded in 2012 and operating in around 40 countries increased its presence in India. It had 15,000 restaurant partners across 100 cities and over 2000 restaurants, including the likes of Burger King and Subway in India by 2017. In December 2017, Ola acquired Foodpanda for approximately $50m. Ola invested $200m in the company and focused on creating more value, for growing the business aggressively. With the arrival of rivals, Zomato, which started as a restaurant discovery service, navigated multiple ups and downs over their 10-year journey. During the same time, the Indian foodtech start-up ecosystem faced dry funding seasons, which led to several start-ups like Spoonjoy, Eatlo, Dazo and Sequoia-backed TinyOwl, shutting down their operations. These developments led to a highly concentrated market with few players surviving and sharing the market. Zomato's Mohit Gupta mentioned that the unit economics in smaller towns was better than unit economics in metros and the profit & loss statement for the last 150 towns was better than that of the top 15 towns, owing to the investments in technology and changes in business models that the country had witnessed in recent years. Several business models emerged in the foodtech space, including – restaurant and food discovery, home-cooked food, cloud-kitchen and concierge models, to name a few.

Global foodtech business

Key market indicators for the global foodtech business were very encouraging (Exhibit 1). An increase in the use of smartphones coupled with higher internet penetration was driving the growth of the foodtech market. The foodtech market was largely segmented by region, service type and technology or application type [28]. Service type offerings included – online grocery delivery, online food aggregator, Over the Top (OTT) and convenience services, while the technology type had – websites and mobile apps [29]. Online food and grocery was a $350bn market, the largest e-commerce category globally. In the USA, food consumption largely remained offline, with over 95% share of the market concentrated among offline players. The ambition to disrupt the market saw more than 4,700 start-ups entering the space globally in recent years. This growing segment (particularly online food ordering) caught investor attention, and over 2,700 food ordering start-ups had been launched, attracting $9bn of private equity funding globally.

Internationalization plans

Even in its early stages, Zomato's growth in the Indian foodtech market was unprecedented, and the company had truly global ambitions. It started its initial operations in Dubai and expanded to 23 cities across countries like Sri Lanka, Qatar, the UK, the Philippines and South Africa by 2013. It launched services in New Zealand, Turkey, Brazil and Indonesia in its native languages. This strategy helped the company to cater to over 15 million monthly visitors who accessed scanned menu cards of more than 160,000 restaurants hosted on its platform globally. When Zomato entered UAE in 2012, the country's food delivery market value stood at $5.1bn, with around 60% of the market share held by independent outlets. The nascent market for food delivery platforms was driven by the increasing use of smartphones and the high internet penetration. The smartphone penetration stood at 175% in 2015, which drove the high growth of online food ordering/ delivery applications [30]. The online food ordering market's growth rate stood at 9.3% for 2010–2015 and was set to rise. To strengthen its presence in international markets, Zomato went through a series of acquisitions in 2014, including MenuMania in New Zealand, Lunchtime in the Czech Republic, Obedovat in Slovakia, Gastronauci in Poland, Cibando in Italy (Exhibit 7). It also acquired Mekantish in Turkey and UrbanSpoon in the USA for $55m. Apart from the existing restaurant discovery or food delivery business, Zomato also acquired technology firms NexTable and MapleGraph to increase its value proposition to restaurant partners (Exhibit 7). By 2015, the company had its presence in 23 countries, and it dominated markets in over ten countries. Zomato's international presence and metrics to evaluate its performance in international markets are presented in Exhibit 2. In 2015, Zomato opened “on paper” companies with a bank account and other legal requirements in Mexico, Sweden, Germany, Finland and Norway [31].

Zomato entered matured markets through mergers and acquisitions, when the target markets were attractive in terms of the market size or when the markets were new and characterised by low competition. Deepinder believed there were overseas markets that were similar to the Indian markets which were mature for products such as those offered by Zomato. The firm believed in replicating its business model in foreign markets. Deepinder felt that a ready company could make entry into the market easier, either by organic or inorganic means. Thus, he was considering entry into major or new markets across the world by 2019 [32].

The strategy of opening an on-paper company was aimed at providing the company with a smooth entry into the foreign markets, as most countries required local entities to operate in the market. In the process, the company got an opportunity to test the waters in other countries. The aggressive investment in expansion hampered its financial performance. It had to cease its physical presence in 9 out of 23 global markets and pull back its operations in 14 countries by 2016 [33]. These countries included the USA, UK, Chile, Canada, Brazil, Sri Lanka, Ireland, Italy and Slovakia. It was operating remotely in these markets, meaning it did not have its fleet on the streets. Operating remotely was a departure from the company’s original model wherein the company’s staff collected and published content rather than crowdsourcing the content [34]. Of the 23 countries, it achieved break-even in India, UAE, Lebanon, Qatar, Philippines and Indonesia by 2016. The company cited unsatisfactory results as the reason behind pulling out of the US market. The small market size in Chile, Ireland and Sri Lanka added to its reasons for scaling back. When Zomato resumed its activities in the countries it rolled back, and it had to resort to remote services. Its financials also reflected well to this move as expenditure reduced from $9m in 2015 to just $1.5m in 2016. The move was also based on the observation that 65% of Zomato’s revenues were from its India and Dubai operations. In comparison, the other 22 countries contributed only 35% of their global revenues. By 2018, Zomato had its presence in 24 countries. These countries included Australia, Brazil, Canada, Chile, Czech Republic, India, Indonesia, Ireland, Italy, Lebanon, Malaysia, New Zealand, Philippines, Poland, Portugal, Qatar, Singapore, Slovakia, South Africa, Sri Lanka, Turkey, UAE, UK and the USA. Apart from India, advertising business in Southeast Asia and the Middle East were key regions that generated substantial revenues for the company. The relative market sizes of the key markets are presented in Exhibit 3. Most acquisitions the company made, whether in India or elsewhere, were in the same domain.

The dilemma

The company successfully tested products and services in India that were yet to be launched internationally. It also held back features like native languages that helped it to capture some global markets. The tenth year was crucial for the company. It witnessed its co-founder Pankaj exiting the organization and Mohit Gupta taking over as the CEO of its food delivery business. The domestic markets had become fiercely competitive. Swiggy, the major competitor was expanding aggressively [35]. While the zomato.com domain lost 20% more traffic than swiggy.com between January 2017 and July 2018 [36], the traffic for swiggy.com doubled. However, a significant portion of Zomato’s traffic was not related to food delivery. National Restaurant Association of India (NRAI) expressed serious concerns over deep discounting and transparency of the online delivery aggregators including Zomato [37]. Deepinder had to take a call on deciding the company’s way forward to increase revenues by the end of the year 2018. Given this scenario, should Deepinder think beyond what products Zomato was

Keywords:
Internationalization,
Value chain,
Competitive strategy,
Strategy

offering? Should he revisit the company's value chain for creating value globally? Should the company redefine its key market indicators for foreign markets? What should he do to add more value and increase revenues such that Zomato remains at the top? Should the firm continue to focus on the domestic market, explore overseas markets, or serve both the domestic and overseas markets instead?

Notes

1. Available at: https://qz.com/india/1635965/in-2018-swiggy-beat-zomato-olas-foodpanda-uber-eats-by-a-mile/
2. Available at: www.entrepreneur.com/article/318201 (accessed 11 November 2021).
3. Available at: www.moneycontrol.com/financials/zomato/consolidated-profit-lossVI/Z (accessed 18 February 2022).
4. Available at: www.researchandmarkets.com/reports/4593822/india-online-food-delivery-market-2018-2023 (accessed 30 December 2021).
5. Available at: https://yourstory.com/2017/11/foodtech-zomato-freshmenu-freshtohome/amp (accessed 18 June 2021).
6. Available at: https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/zomato-scales-revenue-by-40-even-as-losses-fall-73-founders-see-salary-hikes/articleshow/65905284.cms (accessed 27 December 2021).
7. Available at: www.zomato.com/blog/annual-report-19 (accessed 18 February 2022).
8. Available at: https://qrius.com/zomato-2-0-revamped-business-model-handle-new-challenges/ (accessed 18 February 2022).
9. Available at: https://qz.com/india/1635965/in-2018-swiggy-beat-zomato-olas-foodpanda-uber-eats-by-a-mile/ (accessed 11 November 2021).
10. Available at: https://timesofindia.indiatimes.com/companies/zomato-controls-costs-plans-to-invest-again-in-international-operations/articleshow/59880040.cms (accessed 21 June 2021).
11. Available at: https://yourstory.com/2018/11/zomatos-deepinder-goyal-solution-problem/amp (accessed 17 February 2022).
12. Available at: www.socialsamosa.com/2021/03/deepinder-goyal-zomato-twitter-strategy/ (accessed 26 April 2021).
13. Available at: https://dsim.in/blog/2015/04/14/zomato-an-indian-startup-acquiring-the-world/ (accessed 24 April 2021).
14. Available at: https://markenzo.wordpress.com/2014/02/19/zomato-a-success-story-2/ (accessed 27 April 2021).
15. Available at: www.marketing91.com/swot-analysis-of-zomato/ (accessed 27 April 2021).
16. Available at: https://bstrategyhub.com/zomato-business-model-how-does-zomato-make-money/ (accessed 11 November 2021).
17. Available at: www.peoplematters.in/article/employer-branding/becoming-a-destination-employer-the-zomato-way-21896 (accessed 11 November 2021).
18. Available at www.zomato.com/about (accessed 11 November 2021).
19. Available at https://startuptalky.com/zomato-success-story/# (accessed 24 April 2021).
20. Available at: https://inc42.com/buzz/zomato-expands-to-300-cities-as-foodtech-war-with-swiggy-heats-up/ (accessed 24 April 2021).
21. Available at: https://startuptalky.com/zomato-success-story/# (accessed 24 April 2021).
22. Available at: www.forbes.com/sites/saritharai/2016/02/08/food-startup-zomato-is-indias-first-unicorn-to-break-even-headed-for-profitability-by-mid-2016/?sh=41486e7a4ba8 (accessed 24 April 2021).
23. Available at: www.marketing91.com/marketing-strategy-of-zomato/ (accessed 24 April 2021).
24. Available at: https://iide.co/case-studies/zomato-digital-marketing-strategy/ (accessed 24 April 2021).
25. Foodiebay launched in 2008 as a food directory was renamed as Zomato in 2010.

26. Available at: https://en.wikipedia.org/wiki/Foodpanda#cite_note-LiveMint-2019-May-Bansal-12
27. Parampreet, Chanana, (2020), Top 10 Food Delivery Apps Startups in India (2020) Which are Rocking! Available at www.reviewsxp.com/blog/best-food-startups/ (accessed 24 April 2021).
28. Available at: awww.wfmj.com/story/42772615/foodtech-market-2020-global-analysis-opportunities-and-forecast-to-2025 (accessed 24 April 2021).
29. Available at: www.persistencemarketresearch.com/market-research/food-technology-market.asp (accessed 24 April 2021).
30. Available at: www.readkong.com/page/the-gcc-f-b-sector-an-enticing-opportunity-april-2017-2087222 (accessed 24 April 2021).
31. Available at: https://economictimes.indiatimes.com/small-biz/startups/zomato-eyes-quicker-global-expansion-opens-subsidiary-companies-in-over-a-dozen-countries/articleshow/46589494.cms (accessed 12 December 2020).
32. Available at: https://economictimes.indiatimes.com/small-biz/startups/zomato-eyes-quicker-global-expansion-opens-subsidiary-companies-in-over-a-dozen-countries/articleshow/46589494.cms (accessed 24 April 2021).
33. Available at: www.livemint.com/Companies/oSrhvB1xFHHx3gsMXtPifO/Zomato-scales-back-operations-in-global-markets.html (accessed 24 April 2021).
34. Available at: www.livemint.com/Companies/oSrhvB1xFHHx3gsMXtPifO/Zomato-scales-back-operations-in-global-markets.html (accessed 24 April 2021).
35. Available at: https://timesofindia.indiatimes.com/business/india-business/have-60-revenue-market-share-in-food-delivery/articleshow/72931327.cms (accessed 24 April 2021).
36. Available at: www.similarweb.com/corp/blog/ecommerce/retail-insights/food-delivery-india-zomato-swiggy/ (accessed 27 December 2021).
37. Available at: https://economictimes.indiatimes.com/industry/services/hotels-/-restaurants/nrai-flags-concerns-with-swiggy-zomato-other-aggregators/articleshow/70851119.cms?from=mdr (accessed 24 April 2021).
38. Available at: https://tradingeconomics.com/country-list/consumer-spending (accessed 15 February 2022).
39. https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/zomatos-full-course-strategy-from-supply-to-delivery-and-more/articleshow/66645881.cms (accessed 2 May 2019).
40. Available at: www.zomato.com/blog/annual-report-fy18 (accessed 24 April 2021).
41. Available at: www.zomato.com/blog/21-million-orders-milestone (accessed 24 April 2021).
42. Available at: https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/zomato-claims-to-have-hit-market-leadership-with-21-million-monthly-order-run-rate/articleshow/66090080.cms (accessed 24 April 2021).
43. www.crunchbase.com/search/acquisitions/field/organizations/num_acquisitions/zomato (accessed 13 April 2019).
44. Available at: https://qz.com/india/1635965/in-2018-swiggy-beat-zomato-olas-foodpanda-uber-eats-by-a-mile/
45. Available at: https://economictimes.indiatimes.com/industry/cons-products/food/so-what-does-urban-india-like-to-eat-zomato-just-gave-you-every-detail/articleshow/68793746.cms?from=mdr
46. Available at: https://m.economictimes.com/thumb/msid-68794106,width-640,height-480,resizemode-7/zomato-map.jpg
47. Available at: www.livemint.com/companies/start-ups/food-delivery-fight-grips-small-town-india-1562002126818.html
48. Available at: https://digital.hbs.edu/platform-digit/submission/two-sided-network-effects-for-a-food-tech-marketplace/
49. Available at: https://inc42.com/buzz/zomato-expands-to-300-cities-as-foodtech-war-with-swiggy-heats-up/
50. Available at: https://startuptalky.com/zomato-success-story/#
51. Available at https://brandequity.economictimes.indiatimes.com/news/business-of-brands/zomato-sees-10x-growth-in-5-years-creating-thousands-of-jobs/71034484

52. Available at: https://economictimes.indiatimes.com/industry/cons-products/food/so-what-does-urban-india-like-to-eat-zomato-just-gave-you-every-detail/articleshow/68793746.cms?from=mdr
53. Available at: https://brandequity.economictimes.indiatimes.com/news/business-of-brands/zomato-sees-10x-growth-in-5-years-creating-thousands-of-jobs/71034484
54. Available at: www.zomato.com/blog/annual-report-19
55. www.news18.com/news/tech/zomato-wants-to-take-over-your-office-cafeteria-while-swiggy-wants-to-be-your-personal-concierge-2606395.html
56. Available at: https://www.zomato.com/blog/21-million-orders-milestone (accessed 24 April 2021).

References

Ardent Advisory. (2017). The GCC F&B sector an enticing opportunity. [online], p. 23. Retrieved from www.ardentadvisory.com/files/GCC-FNB-Sector-Report.pdf (accessed 15 April 2019).

Entrackr. (2017). Zomato versus Swiggy: who will win the food delivery battle and why?. [Blog]. Retrieved from https://entrackr.com/2017/09/who-will-win-food-delivery/ (accessed 4 December 2018).

Entrackr. (2018). From online menu directory to India's first 360-degree Foodtech firm: the changing tastes and recipes of Zomato. [Blog]. Retrieved from https://entrackr.com/2018/08/decaup-indias-360-degree-foodtech-zomato/ (accessed 4 December 2018).

Financial Express. (2016). Zomato turns profitable in India, 5 other regions. [online]Retrieved from www.financialexpress.com/industry/zomato-turns-profitable-in-india-5-other-regions/208764/ (accessed 18 April 2019).

JM Financial. (2017). Zomato: out to deliver. [online]. Retrieved from http://jmflresearch.com/JMnew/JMCRM/analystreports/pdf/JMFLINFOE_CompanyUpdate_17May2017.pdf (accessed 18 April 2019).

Julka, H. (2015). Zomato eyes quicker global expansion, opens subsidiary companies in over a dozen countries, economic times. 17th March 2015. Retrieved from https://economictimes.indiatimes.com/small-biz/startups/zomato-eyes-quicker-global-expansion-opens-subsidiary-companies-in-over-a-dozen-countries/articleshow/46589494.cms (accessed 12 December 2020).

Livemint. (2015). Zomato to take its food-ordering business to UAE, other countries. [online]. Retrieved from www.livemint.com/Companies/r6LSSBpOdoET73Bdny5hOK/Zomato-to-take-its-foodordering-business-to-UAE-other-coun.html (accessed 3 March 2019).

Livemint. (2019). Zomato to sell UAE food delivery business for $172 million. [online]. Retrieved from www.livemint.com/companies/start-ups/zomato-to-sell-uae-food-delivery-business-for-172-million-1551708059864.html (accessed 18 April 2019).

Raman, P. (2018). Zomato: a shining armour in the Foodtech sector. *Journal of Information Technology Case and Application Research*, 20(3-4), 130-150, doi: 10.1080/15228053.2018.1552396.

RedSeer Consulting. (2017). Online food delivery - a RedSeer perspective. [online]. Retrieved from https://redseer.com/wp-content/uploads/2017/10/6.-Analyst-Report-Food-tech_CY16.pdf (accessed 4 December 2018).

Statista. (2019). Online food Delivery - India | statista market forecast. [online]Retrieved from www.statista.com/outlook/374/119/online-food-delivery/india (accessed 28 April 2019).

The Economic Times. (2016). Zomato's revenue from India operations doubles to Rs 87.5 crore but losses increase 3-fold. [online] Retrieved from https://economictimes.indiatimes.com/small-biz/startups/zomatos-revenue-from-india-operations-doubles-to-rs-87-5-crore-but-losses-increase-3-fold/articleshow/53090009.cms (accessed 28 April 2019).

The Times of India. (2019). Online food delivery wars are moving from India to Bharat. [online]. Retrieved from https://timesofindia.indiatimes.com/companies/online-food-delivery-wars-are-moving-from-india-to-bharat/articleshow/68447011.cms (accessed 4 April 2019).

YourStory. (2018). Swiggy vs Zomato: Foodtech in the spotlight again; it's time for the battle of the biggies. [Blog]. Retrieved from https://yourstory.com/2018/02/swiggy-vs-zomato-foodtech-spotlight-time-battle-biggies (accessed 4 December 2018).

YourStory. (2013). 8 Months on, how is Zomato doing internationally?. [Blog]. Retrieved from https://yourstory.com/2013/05/how-is-zomato-doing-internationally (accessed 11 April 2019).

Zomato. (2019). Zomato annual report FY19. [online]. Retrieved from www.zomato.com/blog/wp-content/uploads/2019/04/Zomato%E2%80%93Annual%E2%80%93Report%E2%80%93FY19.pdf (accessed 12 April 2019).

Zomato Blog. (2016). A snapshot of our international presence. [Blog]. Retrieved from www.zomato.com/blog/a-snapshot-of-our-international-presence (accessed 18 May 2019).

Zomato Blog. (2018). Milestone alert: 21 million orders in India and still “sprinting. [Blog]. Retrieved from www.zomato.com/blog/21-million-orders-milestone (accessed 4 December 2018).

Zomato Blog. (2018). Zomato – ‘short form’ annual report FY18. [Blog]. Retrieved from www.zomato.com/blog/annual-report-fy18 (accessed 2 December 2018).

Exhibit 1. Key market indicators of selected regions (2018)

Table E1

Countries/ Indicators	*India*	*UAE*	*Lebanon*	*Qatar*	*Philippines*	*Indonesia*
Internet Penetration *in %*	38	91	77	92	68	64
GDP per capita (Nominal) *in US$*	2,006	43,839	8,025	68,794	3,252	3,894
Households with internet access at home *in millions*	80.34	1.68	1.06	0.56	9.87	45.23
Urban population share *in %*	34.03	86.52	78.7	99.14	46.91	55.6
Population *in million*	1,352.62	9.37	6.86	2.76	105.76	264.16
Consumer spending[38] (current) *in million US$*	19,483	483,057	56,012	136,549	3,923,938	1,466,518
Food & beverages consumer spending *in million US$*	690,151.57*	35,960.93	1,614.32	9,468.80	871.19	242,961.64*
Restaurants, hotels *in million US$*	314.54	682.89	306.37	652.75	203.41	348.74
Smartphone penetration rate *in %*	29	94	57	74	63	56
Online food delivery revenue *in million US$*	2,832	650	18	103	99	112

Note: *Estimated for 2020
Source: Retrieved from www.statista.com

Exhibit 2. Zomato's international presence (city-wise)

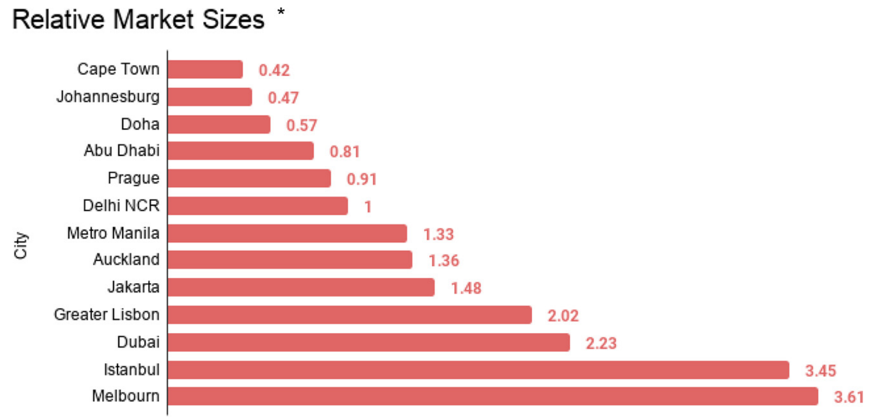
Table E2

City	*Total population (million)*	*Addressable population** (million)*	*Monthly active users (million)*	*Sessions per user/ month*	*(%) Addressable population using Zomato (monthly)*
Dubai	2.5	1.2	1.1	3.0	91
Lisbon	2.8	0.7	0.6	2.1	86
Melbourne	4.5	1.8	1.5	2.2	81
Auckland	1.4	0.5	0.4	1.9	78
Metro Manila	12.9	2.5	1.6	2.0	64
Jakarta	10.4	3.4	1.9	2.6	56
Prague	2.1	0.5	0.3	2.1	56
Istanbul	14.0	2.8	1.5	1.7	54
Abu Dhabi	1.5	0.7	0.3	2.5	47
Sydney	4.9	2.0	0.8	1.4	40
Warsaw	3.1	0.7	0.2	1.6	36
Doha	1.4	0.7	0.2	2.4	32
Johannesburg	4.5	1.6	0.4	1.7	24
Toronto	6.1	2.1	0.5	1.4	24
Cape Town	3.7	1.3	0.2	1.7	18

Note: *Addressable Population = People aged 18–45 in the metropolitan area, with enough disposable income high enough to afford to eat out
Source: Zomato (data as of July 2016)

Exhibit 3. Relative market size comparison

Figure E1



Note: *Relative market size is the number of listings in a city x average ticket size of a meal (Benchmarked to Delhi NCR)

Source: Adapted from Zomato; www.zomato.com/blog/a-snapshot-of-our-international-presence

Exhibit 4. Zomato timeline

Table E3

Year	*Key milestones*
January 2008	Launched platform with restaurant listings and discovery
July 2008	Launching advertising sales as a business
February 2015	Launched cashless payments on the platform (dormant)
April 2015	Launched Zomato Base, a point-of-sale platform for restaurants for back-end processes
May 2015	Launched online ordering for food delivery
September 2015	Launched Zomato White label, a full-service digital interface for restaurants
January 2016	Launched table reservations
February 2017	Launched cloud-kitchen infrastructure facility Zomato Infrastructure Services (dormant)
March 2017	First launched Zomato Gold subscription in UAE & Portugal
April 2017	Launched subscription-based program for desserts on delivery called Treats (dormant)
September 2017	Acquired on-demand logistics platform for food delivery business
November 2017	Launched Zomato Gold subscription in India
January 2018	Began hiring own fleet to fulfil last-mile delivery for online ordering
July 2018	Began sourcing business for restaurants under HyperPure
September 2018	Acquired TongueStun to enable B2B food delivery service currently called Food@Work

Source: The Economic Times (2018). Zomato's full-course strategy: From supply to delivery and more [39]

Exhibit 5. Food delivery rivals in India

Table E4

Company	*Zomato*	*Swiggy*
Founding date	2008	2014
Founders	Deepinder Goyal, Gunjan Patidar, Mohit Gupta	Nandan Reddy, Sriharsha Majety, Rahul Jaimini
Tags	1. Food & Beverage 2. Media & Entertainment 3. Technology 4. Customer Experience 5. Enterprise Software 6. Hospitality 7. Restaurant Search 8. Social Networks	1. Food & Beverage 2. Technology 3. Application Software 4. Delivery Platform 5. Restaurant Search
Service activities	1. Zomato for business – Answer reviews, analytics, manage deals and events 2. Zomato Order 3. Zomato Base – Cloud-based POS (Maple POS) 4. Zomato Book – 5. Table management and reservations 6. Zomato Whitelabel – personalized restaurant smartphone app 7. Zomato Widgets – widgets for restaurants 8. Zomato Pickup	1. Swiggy Go 2. Swiggy Super – subscription plan 3. Swiggy Pop – single serve-meal 4. Swiggy Stores – delivery of products from nearby stores
Presence	Over 300 cities	Over 500 cities
Customer segments	1. Consumers looking out for different cuisines 2. Consumers preferring home delivery 3. Restaurants wanting to advertise their service 4. Market research companies	1. Consumers preferring not to go to restaurants 2. Consumers preferring delivery of food and other products from the nearby shops 3. Restaurants from which it is collecting commission and serving as a delivery partner
Tag lines	1. Discover great places to eat around you 2. Never have a bad meal 3. Every meal matters	1. Ghar ka khana, saath mein thoda Swiggy 2. Swiggy karo, phir jo chahe karo
Customer relationships	1. Social media 2. Emails 3. Push notifications	1. 24/7 customer support 2. Social Media 3. Customer support chats
Partners	1. Restaurants, 2. Delivery providers	1. Restaurants and shops, 2. Groceries, Kirana stores 3. Delivery Providers
Riders	100,000	74,000
Funding so far	$600m	$465.5m

(*continued*)

Table E4

Company	*Zomato*	*Swiggy*
Major investors	Info Edge, Sequoia Capital, Vy Capital, Temasek Holding, Ant Financial, Glade Brook Capital	DST Global, Meituan, Coatue Management, Tencent, and Hillhouse Capital
Restaurant partners for delivery	54,000	More than 45,000
Average delivery time	33 min	32 min
Key resources	1. Large database of restaurants and users across cities 2. Delivery providers 3. Technology platform	1. Local restaurants and shops 2. Delivery providers 3. Technology platform
Costs incurred	1. Payroll expenses for employees and delivery partners 2. Technology setup costs 3. Running and maintenance costs 4. Administrative and marketing expenses	1. Payroll expenses for employees and delivery partners 2. Costs of application and website development 3. Running costs and maintenance charges 4. Administrative, marketing expenses
Revenue streams	1. Advertising 2. Delivery commissions (restaurants) 3. Delivery charges (consumers) 4. Ticket sales and consulting 5. Order delivery	1. Delivery commissions (restaurants) 2. Delivery charges (consumers) 3. Advertising 4. Affiliate income – Swiggy Access/Super
Consolidated revenue (FY 18)	$66.8m	$60.4m
Operating revenue (FY 17)	$47.63m	$19m
Consolidated loss (FY 18)	$15.2m	$56.9m
Consolidated loss (FY 17)	$55.9m	$29.3m
Competitors	Swiggy, UberEATS, Foodpanda, Faasos	Zomato, UberEATS, Foodpanda, Faasos

Note: **Representational data until mid-2018*
Source: Compiled from different sources by the authors

Exhibit 6. Key metrics of Zomato's food delivery business in India

Table E5

Metrics	*January 2018*	*September 2018*
Presence (no. of major cities)	15	38
Annualized GMV (in million US$)	210	1000
Total orders per Month (in millions)	3.5	21
Orders on logistics (in %)	26	86
Number of riders	>5,000	74,000
Monthly new users (in millions)	0.197	2.4
Number of restaurants	28,000	54,000
Average delivery time (in minutes)	33	33
Ordering revenue (in % of overall revenue)	35	65

Source: Compiled by authors from various sources [40], [41], [42]

Exhibit 7. Zomato's acquisition list

Table E6

Company	*Country*	*Year of Acquisition*
Cibando	Italy	2014
MenuMania	New Zealand	2014
Lunchtime	Czech Republic	2014
Obedovat	Slovakia	2014
Gastronauci	Poland	2014
Cibando	Italy	2014
Urbanspoon	US	2015
Mekanist	Turkey	2015
MapleGraph Solutions Private Limited	India	2015
NexTable, Inc.	US	2015
Sparse Labs	India	2016
Runnr	India	2017
TongueStun	India	2018
TechEagle Innovations	India	2018

Source: Crunchbase.com [43]

About the authors

Ratna Achuta Paluri is an ardent academician with over 20 years of teaching and research experience. She holds a PhD in Management and has several publications in reputable journals. Her areas of interest for teaching and research are international business, managerial economics, marketing financial services and corporate social responsibility. Ratna Achuta Paluri is the corresponding author and can be contacted at: ratna.paluri@siom.in

Rishabh Upendra Jain specialises in finance. His teaching and research interests include finance and international business.

R. Sankara Narayanan is a Management Graduate. He specialises in operations, supply chain and logistics management. His areas of interest also include international business and entrepreneurship.