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A STUDY ON GROWTH OF ONLINE FOOD SERVICE INDUSTRY IN INDIA

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ABSTRACT:

The internet has provided new chances for the online food service industry by offering them new ways to promote, communicate and distribute products and information to their target consumers. Similarly, innovative technology likes door delivery, online ordering of food, and online delivery apps (Swiggy, Fasso's, Zomato, and Food Panda etc.) have resulted in a major change in the food and fast food industry. The increased growth of online sales and the unique functions of the internet have drawn the attention of many companies in speeding up the setting up of businesses over the internet with

significant factors that actually motivate consumers to consume food or services online.

KEYWORDS: Online, Food Order, Smartphone.

INTRODUCTION

The 21st century has been named as "E" generation period. The internet has delivered a wonderful level of stimulus through its involvement among all kinds of businesses like web based business, eBusiness, electronic Customer Relationship Management (eCRM), eSupply Chain, eMarketplace, ePayment, eEntertainment, eTicketing, eLearning and eGovernment. The internet has been widely used in various sales and marketing activities. Nowadays half of the people are dependent on restaurant food which has led to the development of online food business. Online food service industries, as a result, individuals

to have gained huge importance. Indian and international online food service industries are creating huge employment opportunities, income generation and poverty reduction among many educated people in urban cities. Electronic business has grown incredibly in the past decade for a number of reasons including changes in consumers' lifestyles, technological development, increase in consumers' income, education and rapid economic development throughout the world. The online food tech employees in most grown cities are very active from 8 am to 11 pm. This paper attempts to study the growth of online food service industry in India.

REVIEW OF RELATED STUDIES

Mitali Gupta (2018), the recent development of the net has food services by facultative go looking,

compare costs food services by facultative go looking, compare costs and handily access these services. On-line ordering has been a growing as a requirement have factor for the eating place business. On-line ordering has taken the food business by a storm. Technology puts a buried impact on the business industry, technology has changed the entire frame of restaurant industry, and it will continue doing a great job. This study found that technically developed online food ordering system has changed the restaurant's culture drastically and gives a new amazing comfort zone to

the people across the boosted the extension of on-line globe.

Adhithya et al. (2017) explained that the online food ordering system, a restaurant and mess menu online can be setup and the customers can easily place order. Also with a food menu online, tracking orders is done easily, it maintain customer's database and improve the food delivery service. The restaurants and mess can even customize online restaurant menu and upload images easily. Having a restaurant menu on internet, potential customers can easily access it and place order at their convenience. This study concluded that, an automated food ordering system is presented with features of feedback and wireless communication.

Mathews J.C. (2014) studied that the online food ordering is reasonably popular among the residents of Bangalore city. 90% of the respondents were aware of the electronic food ordering. Customers between 31-35 years of age ordered more electronic food and it was often ordered as they didn't want to cook especially during the weekends. Customers who evaluate service quality based on interactions with employees won't want to use self-service ordering. Similarly, customers who were uncomfortable with technology may be reluctant to try an electronic self-service site because they may be afraid of getting tangled up in the technology. This study has shown that perceived control and convenience are keys to customer use of online ordering which leads to higher satisfaction. The study found that the male respondents more likely than women to use or recommend online ordering food as most of them were working in the IT companies. This study concludes that the customers will appreciate not having to wait and other waiting customers may be motivated to try electronic food ordering.

E-BUSINESS

E-Business can be defined as the use of the internet to network and empower business process electronic commerce, organizational communication and collaboration with its customers, suppliers and other stakeholders (Combe, C., 2006).

ONLINE FOOD ORDERING

Online food ordering is the process which serves the customer to order food of their choice in online from the nearest restaurants through the mobile apps (Jadhav, S., 2018).

ONLINE FOOD SERVICE INDUSTRY IN INDIA

In India growth of online food service has developed due to the user free technology and availability of food for the customers who are ordering online. An improved economic and cultural background due to higher income and better life style has led to an increase in online food ordering. On the other hand, being busy at work makes more number of people to place orders by online mode which increasing is day-by-day. This increase is due to the increased number of internet users who are largely young people who are studying or are well educated. The largest users of internet are young people with the highest income.

Indian Tier-1 cities such as Bangalore, New Delhi, Mumbai and Kolkata have been seeing vehicle overloads brought about by an increase in the number of vehicles on roads and a heavy density of population. This has enhanced an opportunity to go inside a city and take advantage of the lack of time for working Indians in these cities. Accordingly, an ever increasing number of Indians have started ordering from online food delivery services, rather than cooking at home. The number of households' consumption at home every day has been witnessing a visible decline. This decline has resulted in a large expansion of the consumer base in ordering food online thereby growth of 'home delivery' services has taken place by 100% (Kanteti, V., 2018).

According to a report from Red Seer Consulting, India's online food ordering sector has recorded a strong growth rate in the number of orders every day, growing consistently at 15% on a quarterly basis from January to September of 2018. The growth has resulted in the number of orders on a daily basis recording an average of 400,000 orders during the September quarter of 2018. Players, including Swiggy, Zomato, Fasso's and Foodpanda, are increasingly investing in in-sourcing deliveries. In

the September quarter of 2018 door-deliveries grew to 56% of the total number of orders received by the online food service sector in India. Home deliveries stood at 46% in the fourth quarter of 2016. It is becoming increasingly clear that food delivery is more and more of a logistics play, restaurant discovery is not a deep competitive benefit. There are clear trends on consumer and supplier satisfaction supported by better delivery speed and agreement that promise for advantage of the limited delivery model in Indian market.

OBJECTIVES OF THE STUDY

- To analyse the growth of annual revenue of online food service industry in India.
- To study the problems of food service Industry in India.

METHODOLOGY

The present paper has been prepared by using secondary data collected from journals, newspapers, reports, working papers and websites. Information has also been referred from annual reports of online food business companies in India.

Table 1: ANNUAL REVENUE OF ONLINE FOOD SERVICE INDUSTRY IN INDIA

Year	Zomato (in crore) INR	Growth rate (in%)	Swiggy (in crore) INR	Growth rate (in %)	Food Panda (in crore) INR	Growth rate (in %)	Fassos (in crore) INR	Growth rate (in %)
2016	590	-	333.2	-	37.81	-	51	-
2017	389	-34.06	397	19.14	62.16	64.40	66.21	15.21
2018	466	19.79	442	11.33	72.18	16.08	82	15.79

Source: Annual Report of online food service Industry in India (2016,2017,2018)

Table-1 shows that in 2016 Zomato had a market revenue 590 crore rupees, in 2017 the same was 389 crore rupees and in 2018 the revenue was 466 crore showing a negative growth rate of -34.06% crore. This decrease was because of facing tough competition from newer companies. However, decreasing discounts are already a part of food ordering nowadays as the miniscule discounts transform into restaurant handling charges, taxes and delivery charges. At the same time, on the business front, Zomato had said that it lost INR 25 per delivery which has led to the decline in the annual revenue of Zomato in India. In 2016 Swiggy's market revenue was 333.2 crore rupees, in 2017 it was 397 crore rupees showing an increase of 19.14 crore rupees. The total annual revenue income has increase but growth rate of Swiggy's revenue income declined from 19.14 percent in 2017 to 11.33% in 2018, showing a decline rate of 7.8%. Swiggy online food service industry has raised discounts and cut delivery charges to win a market share in an increasingly competitive situation. Customer can order as much (or as little) as they like because there's no minimum order value or denial of offers and discounts waiting for them on the app. It covers all meals from healthy to hearty, from breakfast to midnight munchies, for a rush-hour bite or late-night delivery of their favorite snack. In Bangalore, Chennai, Delhi, Gurugram, Hyderabad, Kolkata, Mumbai and Pune, Swiggy's has provided many food options and this has led to the increase in revenue income of Swiggy's market. Similarly Foodpanda's market revenue in 2016 was 37.81 crore rupees and in 2017 it was 62.16 crore rupees that showed an increase of 64.40 crore rupees. Foodpanda's market revenue increased due to clear ordering options which make it easier for customers to understand and place their orders. Fassos India's market revenue in 2016 was 51 crore rupees. In 2017 it was 66.21 crore rupees. The market revenue of Fassos has shown increased growth rate of 15.21 crore. Fassos's market revenue increased due to the launch a loyalty program, Faasos Elite, a one of its kind initiative to reward its loyal customers. Customers who are a part of this club receive various benefits, ranging from prioritized delivery, free desserts with their order, an option to place an order now and Pay Later within 15 days, a birthday gift, a cashback with every order, a chance to be part of Faasos Food Diaries, an event where it launches its upcoming products and more. Therefore from Table-1, it is clear that Swiggy remains the leading online food service revenue earner in India.

PROBLEMS OF ONLINE FOOD SERVICE INDUSTRY IN INDIA

When the customer's order food in large numbers, the food tech employee who is delivering the food gets confused as to whom the orders are to be delivered to due to the long distances, they are not able to deliver food on time. If there are too many orders to be delivered in different places where the delivery man is not available to give hot food on time customers cancel their orders. In few cases the food tech employees fail to reach the customers due to the heavy traffic jam in the cities. The apps and smartphones get hanged because most of the consumers make orders at the same time which prevents or delays online ordering of food further.

SUGGESTION & CONCLUSION

The changing urban lifestyle of the average Indian is dramatic enough to be favourable for the food-on-the-go and quick home delivery models to grow at higher rates. The ever-increasing population crowded metro cities and longer travel times are drivers for the suitable, ready-to eat and cheaper options of having food and foodstuff delivered at one's doorstep. By upgrading the Apps and its contents the trafficking of booking online and menu ordering issues will be solved. Online food service is one of the biggest emerging trends in India. The role of mobile apps and the web-based method of ordering food play an important role, as more and more people use smart phones, followed by rising literacy and access to the internet facilities. It increases the job opportunities in the industry for young people and in turn it increases the standard of living. The emerging trends of online food service industry will raise the GDP of India.

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