

Indian Multinational Restaurant Aggregator and Food Delivery

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Abstract:

With the advent of digital technology in food market, online plat-forms have been used to deliver meals from a variety of restaurants through a mobile app. The pace with which this industry is flourishing. It becomes imperative to have real knowledge about the factors which are contributing to the popularity of these apps and enhancing customer satisfaction. The present re-search reports the results of an empirical study covering 300 respondents across India, based on exploratory, confirmatory factor analysis and Structural Equation Modelling (SEM) to identity satisfaction determinants among food aggregators Viz. single online portal users. Present study envisages three dimensions which are given importance by the customers and suggests that food aggregator industry should primarily focus on product quality and pricing as core attributes of their service offerings followed by consumer convenience by leveraging the technology to ensure their sustainability in the era of stiff competition in this fast changing food aggregators market rather than competing on the basis of delivery staff competence as the results give least importance to staff competence (significant at 10% level of significance).

Keyword: India, Aggregator, Food, Restaurant

INTRODUCTION

Disposition of technology in food, called Foodtech, is not a new notion to be explored. Beginning from technology adoption in food processing or manufacturing industry, now it refers to its application in food ordering and delivery market. The pace (double-digit CAGR) with which India's online food delivery market is growing, food supply market in India is projected to reach \$8 billion market by the year 2022 (Google-BCG report, 2020). The change in the lifestyle of urban Indian characterised by longer working hours, longer travelling time, rising number of working women and working couples are the key drivers for increased demand for convenient supply of food at doorstep. The acceptance of online food delivery services tremendously can also be attributed to the nu-merous paybacks associated with it, such as hassle free and quick delivery of the food at the doorstep of the customer, access to variety of food options, various options for making payments, lucrative price offers. The industry targets at college going students, working class as their key audience. With the increased base of people using smart phones because of fall in prices due to intense com-petition in smart phone market, rise in level of literateness and easy and cheap access to the Internet, the appbased food delivery market has substantial ben-efits to be reaped in coming future. SWIGGY and ZOMATO have emerged as the biggest players in online food ordering and delivery marketplace in India. Some of the other major players operating in the Indian market are, Faaso's Food Services Private Limited, Food vista India Private Limited, Food Panda and UberEATS, etc. As this

Industry has huge growth potential, many companies may venture in, but survival is possible only if you are fit to provide customer satisfaction. The industry being driven by many delivery models and the level of competition being triggered by entry of foreign players as well, it becomes imperative to emphasise on customer retention through the finest customer experience by improving the quality of product but at competitive price, usage of efficient and effective technology for the ease and convenience of customer and also make the customer experience the greatest in terms of rich service delivered by delivery staff which is trained enough to handle the queries and desires.

REVIEW OF LITERATURE

No doubt, the business of delivering food through digital apps has become intensely competitive with flooding of number of domestic as well as foreign players in the industry and the importance of customer satisfaction with the services rendered by these apps cannot be underestimated. There were very little knowledge existed about the drivers of customer behaviour towards these apps. A brief account of already existing literature in this section provides in-sight into the determinants of customer satisfaction in this market. Bagla and Khan (2017) found food variety and pricing offers in form of cashbacks are considered to be the major factors that drive consumers online purchase intention [1]. Kapoor and Vij (2018) on examining the mobile app attributes of food aggregators found that four types of design [2]: (1) visual, (2) informational, (3) collaborative and (4) navigational motivate the customer to use mobile app to place order and make payments for a food aggregator. The study concludes that mobile app should be visually attractive, should provide exhaustive information, should collaborate with other e-commerce players and also be navigating from one page to another to facilitate conversion. Chetan et al. (2018) applied Partial Least Squares (PLS) analysis with Smart PLS software and suggested that the convenience, availability of information and anxiety with the technology are to be the significant factors affecting customer satisfaction. Suhartant et al. (2019) assessed how the quality of food through digital apps directly affected loyalty of the customer toward digital food delivery service significantly whereas service quality remained insignificant [4]. The study further explored the mediating role of customer satisfaction on the linkage between both the factors viz. quality of food and e-service quality. Sam and Joy (2020) found drop in traditional method to purchase food like contacting restaurants directly or walking in the restaurant [3]. Rather research found majority of respondents preferring food delivery mobile apps to order food. Verma (2020) realized advancements (visual presentation of products on the apps and the ease of use are the core attributes) in mobile technologies has revolutionised food deliveries online [5]. The above discussion will lead to the need of more literature contribution in Indian online food industry in special reference to customer satisfaction dynamics.

OBJECTIVE

- **To know the impact of food delivery start-ups like zomato and swiggy on restaurant business**
- **To know the strategies of food delivery app zomato and swiggy**
- **To identify the preferred food aggregator operating in the Indian online food delivery market**
- **To find the major reasons behind ordering food through these food aggregators.**

□ SCOPE OF THE STUDY

In this day and age where presence in the virtual world is an imperative, small restaurants and entrepreneurs too need to take benefit of it. Online food ordering websites present just the options. The difference between the organized and the unorganized sector in the Indian hospitality industry is huge. This does not just include hotels, but also the food service segment. Apart from the organized chain restaurants, most restaurants cater to local needs and often at a micro market level. In such a scenario, creating a loyal customer base is not difficult and a specialized marketing and sales force may not be necessary. The main scope of the study is that to know it will be useful for the companies to know about perception of customers towards electronic food ordering.

RESEARCH METHODOLOGY

Descriptive research based on primary data has been collected through a questionnaire administered over 300 respondents across India selected through con-venience sampling has been carried out at Lovely Professional University one of the largest private sector universities in India, whose respondents comprised a mixture of local and international students and their friends and relatives. The questionnaires were administered over undergraduate and post graduate students of the Mittal School of business with experience in ordering food through mobile apps were requested to participate in the research project. The results have been drawn using excel, SPSS 25.0 and Smart PLS 3.2.8. software. The study employed both exploratory and confirmatory factor analysis supported by SEM. A structured questionnaire divided into parts; first part dealing with the demographic details of the respondent like age, gender, education and the second part dealing with questions based on the construct on five point Likert scale ranging from '1=very dissatisfied' to '5=very satisfied' was used to evaluate consumer experience of ordering and getting the delivery of food through mobile apps. Table 1 displays demographic profile of the respondents and their App preferences. There is no gender bias in responses as equal no of both the genders participated in the study. Around 94% respondents used mobile apps for food deliveries. Also it can be concluded from table 2 that 51% respondents prefer Zomato app and 43% preferred Swiggy app.

ANALYSIS

The present study follows two-phase data analysis by splitting the sample into two sub samples. Training sub sample comprises 33% of respondents and testing subsample comprises 67% of total number of respondents. On training subsample exploratory factor analysis was conducted to develop the model and testing sub sample was subjected to confirmatory factor analysis and a path analysis to validate the model and to prioritize the factors ascertained on basis of their contribution in the overall satisfaction of consumer.

Tests for Adequacy of Sample and Interrelationship among variables. The Kaiser-Meyer-Olkin(KMO) measures the adequacy of sample, which can vary from 0 to 1. If the value is close to 1, it will be considered better and 0.6 is

LIMITATIONS

Excellent customer service is vital in customer satisfaction and is the prerequisite for initiating and developing long term relationship. The restaurant industry in India is at a learning curve and many full service restaurants are not capable of delivering quality services and therefore does not contribute to customer satisfaction and lose to competition. Hence it is important to identify criteria for excellent service

in full service restaurant that can be used to serve as a bench mark to enable restaurant to initiate and develop customer's relationships differentiated offering and retention etc., resulting because of customer satisfaction. The purpose of this study is to measure the perceptions of customers regarding electronic food ordering among the customers of Coimbatore city.

CONCLUSION

Present research tried to measure customer satisfaction in the app-based food delivery market by exploring the factors that lead to satisfaction in this industry and their relative importance. The study identified Product quality and pricing as the crucial satisfaction driver in the online food delivery market. The results of exploratory factor analysis by employing SPSS Statistics 25 version software and Confirmatory factor analysis and SEM by Smart PLS software for the sam-pled set of respondents recommend that in food supply market through digital apps, three factors affect the satisfaction level of customers Viz. Product variety, quality and pricing, consumer convenience through technological leverage and staff competence in providing quality customer care services, arranged in order of their importance as evidenced by the results. The outcomes of the study are not shocking as for the growth of food delivery market, the core factor is quality of food with greater variety and affordable pricing. Introduction of digital apps in this market is to enable users to get the delivery without much hassle and delay. Therefore, customer convenience and ease to use these apps and remain updated about products through technological leverage should also gain the ma-jor attention of marketers in the food delivery industry. However, as compared to the core factor of Product quality and pricing, the role of technological lever-age in determining users' satisfaction is less important in such a highly quality and pricing offers pushed industry driven by demand from middle income group people in India. Further, study evidences the product hygiene and taste to be more important than pricing as lessening of price can be a strategy to penetrate the market in short run. Present finding can have significant policy implications for marketers for survival in this industry which is currently facing the predica-ments of price wars. As the consumers are quality and hygiene conscious, the companies in this industry need to adopt a pricing strategy which is value driven because customers are ready to pay extra if there is value addition. The third important dimension is related to delivery staff attitude and competence in solv-ing customers' problems, and availability of hot-line service. Regardless of this, the importance of this dimension should not be under-evaluated, to the extent that it should be comparable among network providers. So far as customer ser-vice through delivery staff competence in handling grievances dimension is concerned, it comes out to be the least vital factor for its contribution in customer satisfaction. Irrespective of its lesser significance in study, this aspect cannot be ignored and in any case it should not be less than competitors in the market. Further research is needed with wider representation across other age groups and sample size.

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