MBA JOURNALS

NOLEGEIN Journal of
Supply Chain and
Logistics Management

ISSN: 2582-0141
Volume 5, Issue 2, 2022
DOI (Journal): 10.37591/NJSCLM

http://mbajournals.in/index.php/JoSCLM/index

Review NJSCLM

An Analysis of the Reasons Why Eateries Are Shunning Swiggy and Zomato's Monopoly and the Potential for New, Small Companies

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Abstract

Online ordering is becoming increasingly necessary for the restaurant industry. Online ordering has radically changed the food sector. Technology has a subtle influence on the business world, has completely changed the restaurant industry, and will continue to do so. A technologically advanced online meal ordering system has fundamentally changed the culture of restaurants while also bringing people from all over the world to a whole new level of comfort. The market for online food ordering in India is currently monopolized by the two well-known aggregators Swiggy and Zomato, but restaurant owners have been looking for ways to end the monopoly for a number of reasons. Newcomers like Dotpe, Petpooja, Limetray, and Dunzo are thus now being given possibilities. The main objective of this study is to ascertain why restaurant owners are deciding against using Swiggy and Zomato, as well as how new start-ups and competitors are taking advantage of this possibility.

Keywords: Online food ordering system, Zomato, Swiggy, restaurants, start-ups

INTRODUCTION

Customers can easily place orders as they choose using the online meal ordering system, which generates an online food menu. If meals are an option, online customers may easily follow orders. The administration monitors consumer data and improves food delivery services. The provision of a wide range of amenities ensures that system users receive excellent service. Additionally, the program considers dining establishments and user-friendly mess areas. Once more, it is suggested that people who have moved to new cities for a variety of reasons are the majority of mess users. Therefore, they are linked. The growing popularity of smartphones, which allow all system users to access all services with a single click, is another motivator. Another justification for using the system is that it will be designed to shield people from making disastrous errors. The system will give restaurants and mess service providers the proper feedback after users change their own profiles, track their food using GPS, make feedback and recommendations, and rate goods. The system is required because there is no complete application that can provide customers with meals from restaurants and from mess services to meet their needs. The proposed method would be used by individuals who regularly migrate between cities and towns. It would also be beneficial for pupils who are attending school in different cities.

The demand for online meal ordering has been steadily rising over the past few years. Online food ordering systems like Zomato and Swiggy, which

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Received Date: February 21, 2023
Accepted Date: March 06, 2023
Published Date: April 10, 2023

Citation: Rushab Ganekar, Sachin Gharat. An Analysis of the Reasons Why Eateries Are Shunning Swiggy and Zomato's Monopoly and the Potential for New, Small Companies. NOLEGEIN Journal of Supply Chain and Logistics Management. 2022; 5(2): 11–14p.

provide restaurants and cloud kitchens on their apps and websites and allow users to place online orders in just a few easy clicks, are able to meet this demand for meal delivery. Working with these online food markets is even more important for them because these technologies enable cloud kitchens, or delivery-only food businesses, to generate orders from day one. Although Swiggy and Zomato were successful in entering the Indian market, restaurant owners are currently dissatisfied with them for a variety of reasons, including the following:

1. The eateries pay very big incentives to Swiggy and Zomato.
2. Due to their affiliation with the brand name of the aggregator, restaurants also lack their own distinctive identity.
3. The restaurant owner also does not receive accurate customer information.

LITERATURE REVIEW

Online food-delivery aggregators (OFAs) are expanding choice and convenience by letting customers place orders from a range of eateries with just a single swipe on their smartphones. The home delivery of restaurant meals is changing quickly as new online platforms vie for customers and markets in most of India's major cities. In order to understand how a consumer's purchase choice is influenced by the mobile app attributes of OFAs and ultimately results in conversion, This study investigates OFAs by proposing and experimentally testing a mobile app attribute-conversion model. The study looks at the four crucial design elements of collaborative, visual, navigational, and informative that are most crucial when selecting an OFA in India [1].

The Indian start-ups are realizing that their secret to happiness is actually food. Too many players are competing for customers' hearts nowadays. Currently, food technology is all the rage among Indian start-ups. Contrary to common assumption, the problem is not information technology (IT), but rather true food technology innovation in the meal experience provided to the customer. The market for meal delivery services in India is become quite crowded. Thanks to smartphone apps, businesspeople are aware of and interested in the expansion of the online food ordering and delivery market. Online meal delivery services like Swiggy, Uber Eats, Zomato, Food Panda, and others are feeding the world's population profitably. The purpose of the study was to determine what factors influence people's decisions to employ meal delivery services when making online food purchases [2].

The restaurant business is increasingly in need of online ordering. The food industry has been radically transformed by online ordering. Technology has a subtle influence on business, has transformed the restaurant industry, and will continue to do great work. A technologically advanced online meal ordering system has fundamentally changed the culture of restaurants while also bringing people from all over the world to a whole new level of comfort. The main objective of this study is to determine how Zomato and Swiggy have impacted the restaurant sector [3].

A normal restaurant food order process involves several steps, with the customer first selecting their food from a paper menu before telling the waiter what they want. Usually, the procedure requires the client to sit down before continuing. Customers can place orders before they enter the restaurant utilizing an alternative method, using a smartphone, called the "Food Pre-Order System using Web Based Application". As the customer reaches the hotel or restaurant, they can tap their smartphone to confirm the saved order. As soon as you make a decision, an order form will print out so that you may continue processing your order. The list of the pre-ordered items you've selected will appear on the kitchen screen. A straightforward and useful method for selecting pre-order transaction form clients is provided by the solution [4].

DATA COLLECTION

This report only uses secondary data. The collection of secondary data included information about various apps, the state of the market, etc. from online portals, journals, magazines, and other publications.

Frenemy Between Restaurants and Online Food Aggregators

Over the past few years, consumers have been increasingly reliant on internet vendors; as a result, a brand that is not accessible online will not be able to draw in those buyers who are doing their shopping online. Online sales can be made using both the merchant's own e-commerce website or a marketplace like Amazon or Swiggy. A vendor may be able to deliver the experience they desired and have access to all the consumer behaviour data by owning an e-commerce site and selling on it [4]. However, it costs money to build and keep up the website's visitors. Another option was to work with online marketplaces and platforms like Flipkart, Amazon, Swiggy, and Zomato. Giving up the opportunity to work with an online platform was the equivalent of opening the door wider for your rivals, as these platforms frequently generated far more traffic and sales. Restaurants have benefited from these apps' rising popularity because of how they affect people's dining habits. The eateries gained from being able to serve food without having to pay for it. Online listing and sales become crucial for the majority of services as a result. It was also feasible for these platforms to be a seller's enemy because they were storing all of the seller's data. Online marketplaces may establish their own brand-named supply chains and then arrange their products in accordance with the information they have about consumer preferences and buying trends. This gives them the opportunity to steer buyers away from popular brands and toward their own branded goods. As a result, a seller's brand helped an online platform at first to draw a customer to its marketplace, but over time, data mining allowed the platforms to replace the seller's brand with their own [5].

Recent Faceoff between Online Food Aggregators and NRAI

The recent announcements by Swiggy and Zomato on the launch of their respective new discount programs, Swiggy Diner and Zomato Pay, could have a negative impact on restaurants, according to a statement from the National Restaurant Association of India (NRAI). According to the NRAI, Swiggy and Zomato are building their own payment gateways in an effort to boost profit margins, which paves the path for them to receive a fee on dining transactions [6]. The restaurant organization claims that Zomato Pay and Swiggy Diner operate largely in accordance with the same paradigm. While restaurants must provide a statutory discount of 15% to 40% to take part in the program, there is no fee or requirement for customers to subscribe. Additionally, every payment gateway transaction requires restaurants to pay a mandatory charge of 4% to 12%. No matter whether a customer located the restaurant on their own or through

Swiggy/Zomato, businesses must likewise provide discounts to anyone making a purchase through the payment gateways, according to NRAI. The restaurant organization expresses concern about the potential long-term effects of these payment gateways on the dine-in industry due to unsustainable discounts and a platform that places a strong barrier between businesses and customers. Additionally, according to NRAI, this could support the fallacious idea that discounts are the only way to expand a business, even in the dine-in sector [7].

New Entrants in Industry

Internet companies like DotPe, Petpooja, and Google-backed Dunzo are just a handful that have helped restaurants diversify their food delivery businesses. Located in Ahmedabad, a city in western India, Petpooja is a food-tech company that enables food establishments to digitize their locations, manage online orders, and take electronic payments. The technology is ideal for restaurants looking to increase the number of dine-in customers online [8]. NRAI established a partnership with DotPe last year that will support the development of its own tech platform for contactless eating, online ordering, and payments. Each restaurant partners with a separate food-tech and last-mile delivery provider. DotPe makes it possible for restaurants to create an online store where they can, among other things, receive payments online, generate invoices, and have a digital menu. According to the company, their network is used by more than 50,000 eateries and food courts across India. Restaurant owners and the two meal delivery goliaths have been at odds over Zomato and Swiggy's refusal to share any customer data with their restaurant partners. By using the DotPe platform or any other company's platform, restaurants can avoid paying the exorbitant commission fees charged by Zomato and Swiggy [9].

Delivery and Discovery

Petpooja and DotPe have made it simpler to manage online orders and payments, but restaurants still need to handle delivery on their own. Businesses that offer last-mile delivery, like Dunzo and Shadowfax, are useful in this situation. In 2018, Shadowfax, a start-up partner in e-commerce and e-grocery, began preparing its fleet solely for food delivery. Restaurants will spend 15% less for delivery than the two existing industry leaders. The Bengaluru-based last-mile delivery company Dunzo also handles users' individual chores in addition to distributing groceries, home goods, stationery, and pet products. It currently participates in the food delivery industry [8].

CONCLUSION

The Indian restaurant industry is changing as people choose to order online more frequently than go to a restaurant. Due to the growing unhappiness with the two main meal delivery services, eateries must hunt for alternatives. There are numerous start-ups emerging to automate food ordering, but many of them do not offer delivery. However, the delivery issue is being resolved with the aid of last-mile delivery services.

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