Priyanka Paridhi

Zomato- Case Study

Document Title: Pricing Discrepancy Resolution Case Study for Zomato

---

Table of Content

Case Study Brief

Zomato, a leading food delivery platform, has recently faced user complaints about noticeable price differences between take-away orders and Zomato-delivered orders from the same restaurant. Users report that food delivered by Zomato often costs significantly more than in-store take-away orders, leading to dissatisfaction and mistrust. This case study proposes a solution that addresses transparency for users, maintains competitive restaurant partnerships, and safeguards Zomato's service quality.

Overview

While Zomato provides a convenient solution for food delivery, users have voiced concerns over pricing disparities, citing that identical items cost less when ordered directly from the restaurant for take-away. These discrepancies, arising from factors like restaurant pricing models, service fees, and platform commissions, lead to dissatisfaction and affect user retention. By implementing transparent pricing measures and better communication with partner restaurants, Zomato can foster trust, retain users, and improve user satisfaction.

Market Research and Competitive Analysis

1. **Increased Demand for Price Transparency**: Users increasingly demand transparency in pricing to understand the breakdown of delivery and service fees.
2. **Tiered Pricing Models**: Competitors like Swiggy and Uber Eats have started using tiered pricing models where users can see itemized charges and fee breakdowns to justify price differences.
3. **Loyalty and Subscription Models**: Competitors offer loyalty programs and discounts to frequent users, alleviating concerns over higher prices.

Competitive Analysis

- **Direct Competitors**: Swiggy, Uber Eats, and DoorDash face similar pricing challenges. Many have adopted clear fee breakdowns to maintain user trust.
- **Indirect Competitors**: Direct restaurant take-away and curbside pick-up options offer lower prices without platform fees, becoming attractive alternatives for users.

User Personas

This feature aims to cater to both end-users seeking fair pricing and partner restaurants facing operational and cost-related challenges:

- **Anita (Casual User, 20–30 years old)**: She is a young professional who frequently orders from Zomato for convenience. She is frustrated by price discrepancies and feels like she is paying a premium without added value.
- **Rajesh (Frequent User, 35–45 years old)**: A loyal Zomato user who orders for his family multiple times a week. He values transparency and wants to understand why there is a cost difference for delivery versus take-away.
- **Restaurant Owner (Partner, 40–50 years old)**: Operates a mid-sized restaurant and collaborates with Zomato to increase business reach. While Zomato fees impact his margins, he is willing to adjust for greater visibility but prefers fair representations of pricing on the platform.

Product Vision and Goals

Product Vision: Build a transparent pricing experience on Zomato to enhance user trust while ensuring sustainable business partnerships with restaurants.

Product Goals:

1. **Increase pricing transparency** for users by clearly breaking down charges to reflect delivery and service costs.
2. **Provide clarity on partner pricing** with a standardized note on price differences, reducing user confusion and increasing awareness of the value Zomato provides.
3. **Maintain competitive restaurant partnerships** by aligning on pricing strategies that benefit both users and partner restaurants without impacting restaurant profitability or user trust.

Feature Ideation

Based on the personas and product goals, we propose the following features to address Zomato's pricing discrepancy challenges:

1. **Transparent Fee Breakdown**:
   - **Benefit**: Allows users to view detailed charges for food items, delivery, and service fees, creating a transparent purchasing experience.
   - **Messaging**: "Know where your money goes."
2. **Standardized Restaurant Pricing Note**:
   - **Benefit**: Adds a clear note on pricing adjustments between delivery and take-away due to additional costs, building awareness without causing confusion.
   - **Messaging**: "Prices may vary due to operational and service costs."
3. **User-Controlled Delivery Fee Options**:
   - **Benefit**: Introduces options for users to select lower-cost delivery time slots or bundled orders to reduce fees, giving users control over their costs.
   - **Messaging**: "Choose your delivery, control your cost."
4. **Loyalty Discounts for Frequent Users**:
   - **Benefit**: Offers small discounts or loyalty rewards for frequent users, alleviating price concerns and adding perceived value to Zomato's service.
   - **Messaging**: "Earn rewards every time you order."
5. **In-App Feedback and Comparison Tool**:
   - **Benefit**: Allows users to compare pricing between Zomato delivery and in-store take-away options, empowering them to make informed choices.
   - **Messaging**: "Transparency in your hands."
6. **Restaurant Partnership Education Program**:
   - **Benefit**: Educates partner restaurants on optimal pricing models and builds a mutual understanding, ensuring consistent pricing across channels.
   - **Messaging**: "Partnering for fair pricing."

Feature Prioritization

Using the **RICE** framework, we prioritize these features as follows:

1. **Transparent Fee Breakdown** – High reach and impact as it directly addresses user concerns regarding price clarity.
2. **Standardized Restaurant Pricing Note** – Effective for setting expectations and reducing confusion around pricing discrepancies.
3. **User-Controlled Delivery Fee Options** – Gives users more flexibility and control, potentially increasing order volume.
4. **Loyalty Discounts for Frequent Users** – Helps retain high-frequency users and builds loyalty amid pricing concerns.
5. **In-App Feedback and Comparison Tool** – Educates users on pricing options, though it may be less critical than immediate fee transparency.
6. **Restaurant Partnership Education Program** – Important for long-term consistency but requires lower prioritization than user-facing features.

These features should be implemented in phases, with Transparent Fee Breakdown and Standardized Restaurant Pricing Note prioritized to address immediate user dissatisfaction.

Conclusion

This case study outlines a multi-faceted approach to tackle Zomato's pricing discrepancy issue through transparency and flexibility. By offering a clear fee breakdown, standardized pricing notes, and user-controlled cost options, Zomato can address user concerns and enhance trust. Loyalty discounts reward frequent users, while partnership education aligns restaurant pricing strategies with Zomato's goals, building a fair and sustainable platform for all stakeholders.