Understanding service gaps and competitive analysis of online food ordering apps.

Table of Contents:

Abstract

These days' people are prone to placing food orders online and capitalizing this trend a lot of restaurants are yielding good returns by registering themselves on online ordering sites like Foodpanda, Tinyowl, Swiggy, etc. and many local ordering websites are also following suit.

To sustain and grow in such fast growing industry, players should offer something different from competitors with efficiency. In this research project we focused on service gaps in existing online food delivery industry and how Swiggy transformed this gap into opportunity to establish them as a strong competitor in online food industry. Also we did some secondary research by firing questions to existing consumer of online food about their expectations which will basically fill the service gaps.

Introduction

The online food delivery market in India registered a growth of 40% reaching Rs 350 crore in 2014. It accounted for 17% of the online services market, according to data released by the Internet and Mobile Association of India (IAMAI) on Wednesday.

This growth has triggered a massive influx of investments into online food delivery services such as Swiggy which has raised $18.5 million in two rounds during 2015.

Even restaurant discovery portal Zomato, which leveraged its large base of restaurants in the country, launched its food ordering service ZomatoOrder in April 2015.

Apart from food ordering apps, hyperlocal delivery services such as Roadrunnr -which attracted an investment of $11 million in June 2015 and Delyver which was acquired byBigBasket in the same month, have latched onto this growth.

The App-based taxi aggregator market on the other hand grew to Rs 600 crore and made up 30% of the online services market while online entertainment ticketing made up 49% at Rs 990 crore.

The grocery delivery segment made up just 6% of the overall online services market, yet players such as BigBasket and PepperTap raised investments totalling $60 million so far in 2015.

The IAMAI report added that the online services market in India grew at a CAGR of 73% since 2010 and was valued at Rs 2,025 crore at the end of December 2014.

Understanding service gaps and competitive analysis of online food ordering apps.

Still a long way to go

While growing at a slower pace which could signify maturity, India's e-tailing sector grew from Rs 2,372 crores in the year 2010 to Rs 24,046 crore by December 2014, over ten times that of online services.

Food delivery market in India worth over 12.5 billion, online food delivery is contributing more than 7% to this market. More than 50,000 restaurants in India provides home delivery, indicates a very high potential and untapped market in online food delivery space.

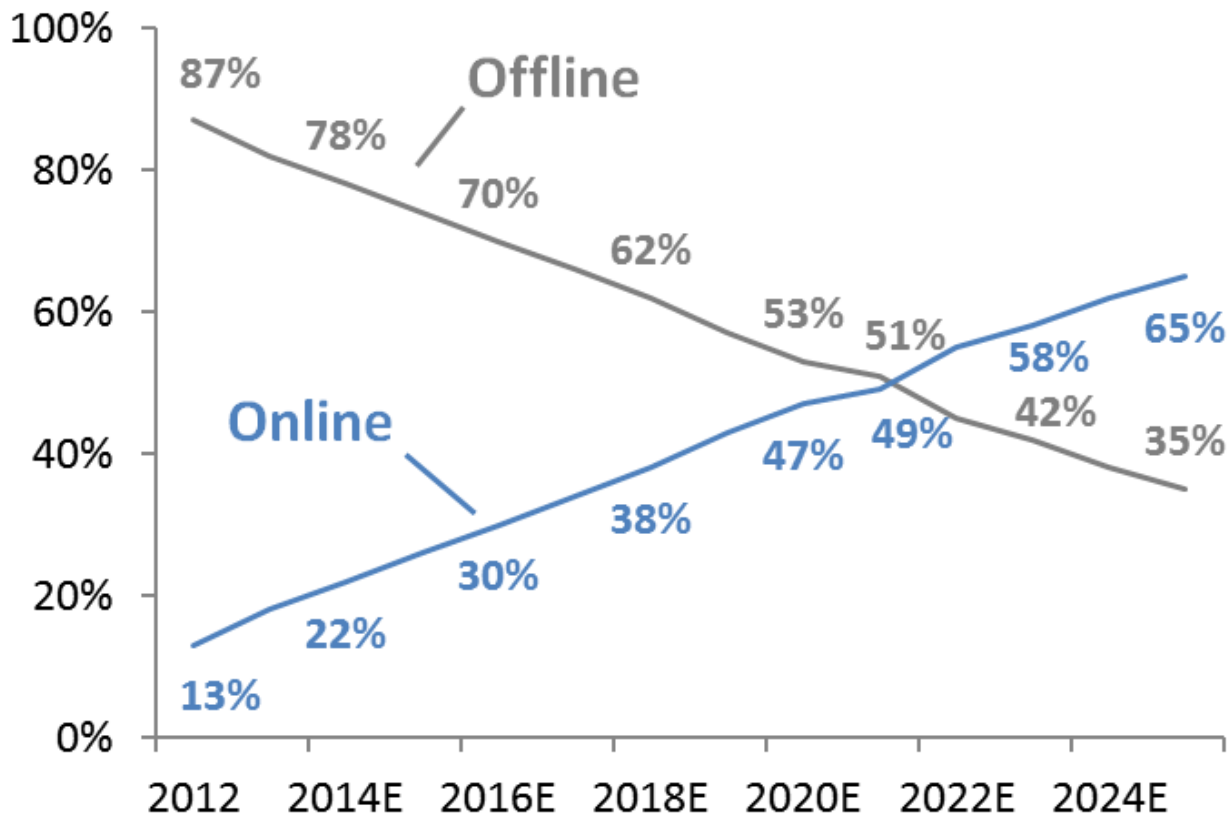
Players in the industry broadly classified into three categories

- Fully integrated: Those who process food and delivers (Dominos, McD etc)
- Delivery as a Service
- Aggregators: Provides a platform for customers where they could discover restaurants, navigate through menus of different cuisines, and select the food. Delivery made by the restaurant. In short, aggregates information about food for customers and function as an order generating channel for restaurants. (TinyOwl, Zomato, FoodPanda etc).

Reasons for growth in online food delivery industry:

- Increase in disposable income and deeper internet penetration of customers (web/mobile).
- Restaurants tying up with online food delivery platforms claim to get a profit margin of more than 2 to 3% than dine-ins.

Understanding service gaps and competitive analysis of online food ordering apps.



Online/Mobile Ordering vs. Offline Ordering (Based on data gathered from Cowen and Company Research Report.)

Company Profiles

1] Tinyowl

Website	Headquarters
www.tinyowl.com	Mumbai
Size	**Founded**
201 to 500 Employees	Unknown
Type	**Industry**
Company - Private	Information Technology

The company was incorporated in 2014 and is based in Mumbai, India founded by IITB graduates.

TinyOwl Technology Pvt. Ltd. develops an Android mobile application which digitizes the menu of restaurants around, enabling you to order food from your Smartphone. The application shows

the users' locations and restaurants in their vicinity. It offers both card and cash-on-delivery payment options to customers.

TinyOwl is changing the way Indians dine in at home and office with their innovations across the value chain from order to delivery. It aims to enhance the meal ordering experience of users with its carefully-designed app. The company had earlier raised $3 million from Sequoia Capital and Nexus Venture Partners in December 2014.

TinyOwl is divided in five divisions: Tech, Marketing, Business Development (which again is an umbrella department for categorization, logistics and operations) and Customer Care.

Apart from the fleet of delivery boys, TinyOwl also employs 100 people at their call centre. Most of the operations team sits at their office in Ghatkopar. For data collection, TinyOwl has a team of 50 which is working on making menus of hotels more visual and functional. The technology team has 40 engineers and design team has 15 people who work on improving the app. Apart from this, there is a senior management team which ensures smooth functioning of this team which has grown to 400 in under a year.

The app is free for the users. The restaurants also do not have to pay in spite of getting more orders and tools to manage their business

2] Foodpanda Overview

Website	Headquarters
www.foodpanda.com	Berlin, Germany
Size	Founded
201 to 500 Employees	2012
Type	Industry
Company - Private	Information Technology

The foodpanda group is one of the world's largest online food ordering marketplaces. Foodpanda was launched in 2012 and is headquartered in Berlin. The company operates in more than 40 countries in South America, Asia, Middle East, Eastern Europe and Africa, currently employs more than 1,000 people worldwide, and continues to grow at an impressive speed.

3] Swiggy Overview

Understanding service gaps and competitive analysis of online food ordering apps.

Website	Headquarters
www.swiggy.in	Bangalore
Size	Founded
201 to 500 Employees	2014
Type	Industry
Company - Private	Information Technology

Swiggy is a fast growing VC-backed on-demand start up focused on revolutionizing food delivery industry. Their primary focus is on customer experience – ensuring superfast deliveries and doing this in the most seamless fashion for our customers.

Swiggy was started in August 2014 by Sriharsha Majety and Nandan Reddy, both alumni of BITS-Pilani, and Rahul Jaimini, an alumnus of IIT, Kharagpur.

Swiggy is trying to execute this vision through our Smartphone equipped delivery fleet, something which is unique compared to other food ordering platforms. Guided by an app and powered by custom built routing algorithms, we are building up a wondrous network of on-demand food delivery, one city at a time!

Review of Literature

I] Automated Food Ordering System with Real-Time Customer Feedback:
The Rampant growth of wireless technology and Mobile devices in this era is creating a great impact on our lives. Some early efforts have been made to combine and utilize both of these technologies in advancement of hospitality industry. This research work aims to automate the food ordering process in restaurant and also improve the dining experience of customers. In this paper we discuss about the design & implementation of automated food ordering system with real time customer feedback (AOS-RTF) for restaurants. This system, implements wireless data access to servers. The android application on user's mobile will have all the menu details. The order details from customer's mobile are wirelessly updated in central database and subsequently sent to kitchen and cashier respectively. The restaurant owner can manage the menu modifications easily. The wireless application on mobile devices provide a means of convenience, improving efficiency and accuracy for restaurants by saving time, reducing human errors and real-time customer feedback. This system successfully over comes the drawbacks in earlier PDA based food ordering system and is less expensive and more effective than the multi-touchable restaurant management systems.

Understanding service gaps and competitive analysis of online food ordering apps.

II] Consumer response to online grocery shopping:

Reports a preliminary assessment of consumer response to and demand for online food retail channels. Data were collected from 243 US consumers who currently buy their groceries online. The majority of online users were younger than 55 years of age, female, and reported annual incomes of $70,000 or more. Over 70 percent reported convenience and saving time as their primary reasons for buying groceries online but 15 percent cited physical or constraint issues that made it difficult for them to shop at grocery stores. Of the respondents, 19 percent bought all of their groceries online. Also reports demographic and online shopping variables that are significantly related to the primary reason for shopping online, willingness to buy all grocery items online, perception of time spent shopping online vs in the store, and experience with online grocery shopping.

III] Implementation of E-Food Ordering System

There has been a humongous increase in the food industry as well as the technology industry from the past two decades and both of these sectors have a huge impact on our lives. Our project basically aims in alleviating the tedious food ordering system by replacing it with technology .This system uses smart phones, tablets, notes which connects through WLAN for food ordering & its transactions. The application will be available on the customers (users) mobile phone(android) and will have the detailed menu of the restaurant, thus providing an easy & convenient way to place order and also minimize human errors. The customer will get a token on his/her mobile phone after paying for the order via card or online wallet.

IV] Integration of Touch Technology in Restaurants using Android

The growing number of restaurants and population of restaurant-goers have emphasized the need to enhance the working of hospitality industry. This research work aims at improving the quality of services and business of the hospitality industry by incorporating technology. A detailed research on the integration and utilization of technology in hospitality industries showcased that various applications based on wireless technologies are already in use enabling partial automation of the food ordering process. In this paper, we discuss about the integration of touch technology in restaurants using android. This system is a basic dynamic database utility system which fetches all information from a centralized database. The tablet at the customer table contains the android application with all the restaurant and menu details. The customer tablet, kitchen display and the cashier counter connects directly with each other through Wi-Fi. This wireless application is user-friendly, improves efficiency and accuracy for restaurants by saving time, reduces human errors and provides customer feedback. This system successfully overcomes the drawbacks in earlier automated food ordering systems and is less expensive as it requires a one-time investment for gadgets.

Research Methodology

I] Objective of the Study :

1. To understand current position of Online Food Industry.

Understanding service gaps and competitive analysis of online food ordering apps.

2. To study some major players in Online Food Industry.
3. To identify service gaps in current online food ordering.
4. To do market research of consumer behavior to find solutions for filling this service gaps.

II] Tools for Data Collection: Questionnaire

Questionnaire was used to collect reponses of current online food ordering users. Questionnaire consisted of closed ended questions focused on understanding consumers convenience, preferences and expectations.

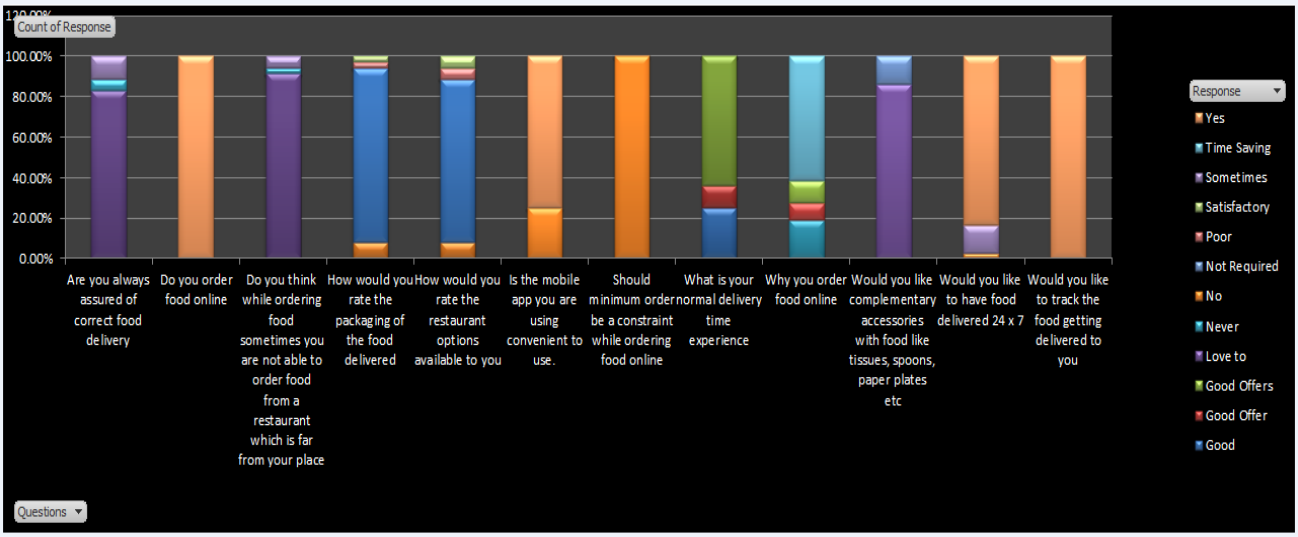
III] Sampling Techniques:

Considering the time constraint and convenience we did not use any sampling technique. We just collected responses of 30 respondents by emailing them the Questionnaire and then analyzing the responses.

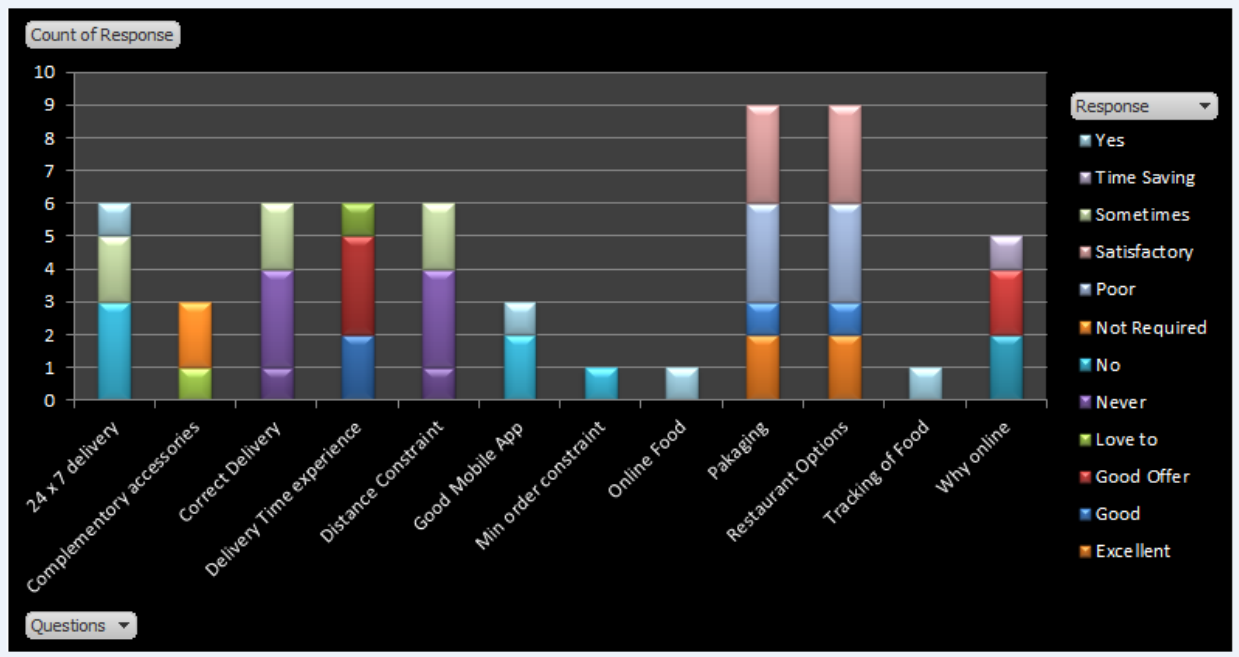
Empirical Analysis

A] Primary Data analysis

Understanding service gaps and competitive analysis of online food ordering apps.



The above graph displays a consolidated view of the responses collected from the questionnaire from various respondents. In a way it highlights the expectation of the people and to which level it has been met or satisfied by the online food industry giants. It also answers questions regarding where this industry has reached and which direction it is going. It describes the scope for improvement as well

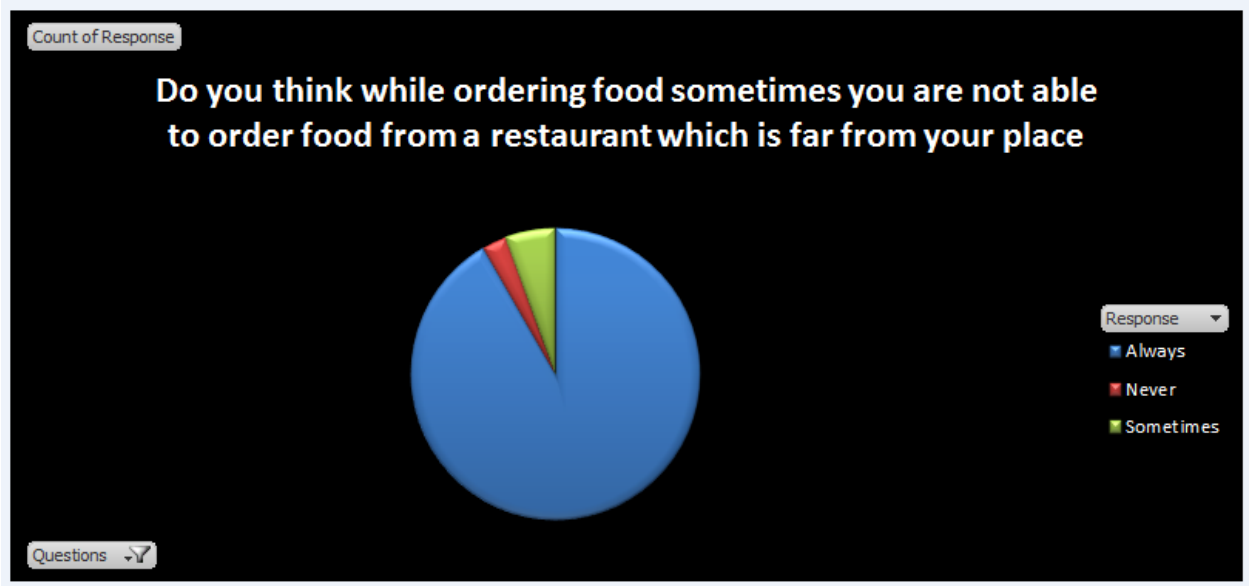


Understanding service gaps and competitive analysis of online food ordering apps.

Most of the people (~80%) do get the correct delivery of food that they had ordered.

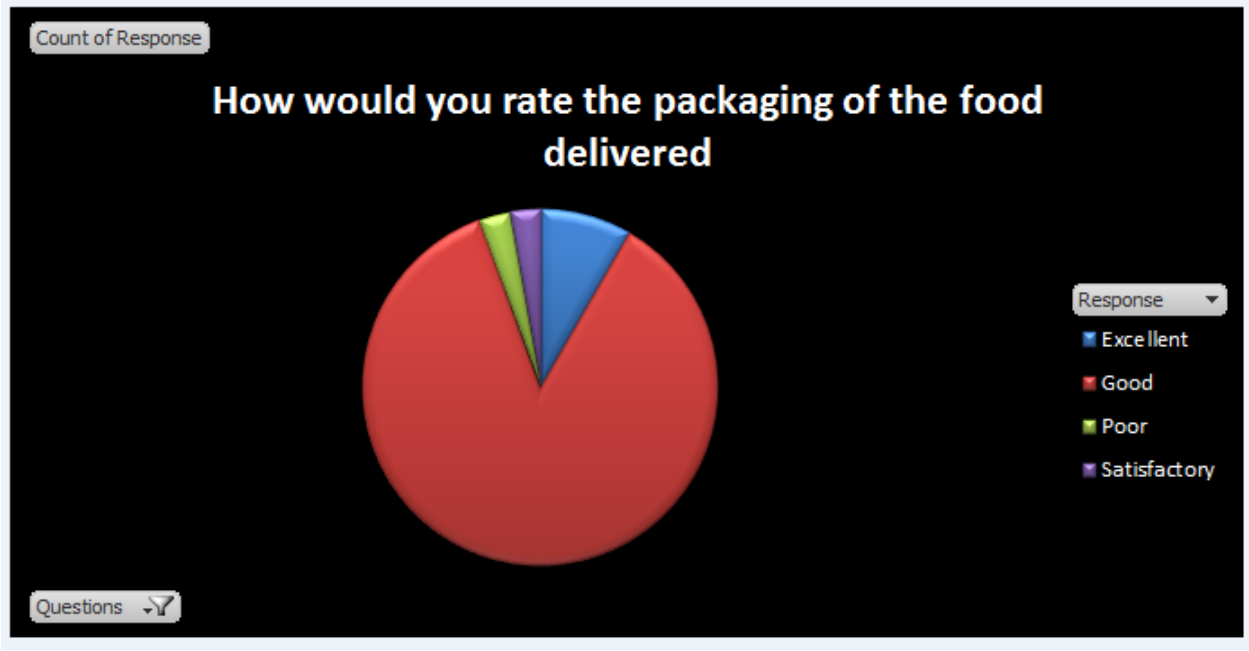
However there is a good percentage of people who have a feeling of discontent regarding it.

This highlights the gap in communication between the online food industry and the registered restaurants that needs to be looked into. Swiggy has come up with an initiative in which they do verify the order delivered versus the order placed, this would somewhere definitely eliminate human error.



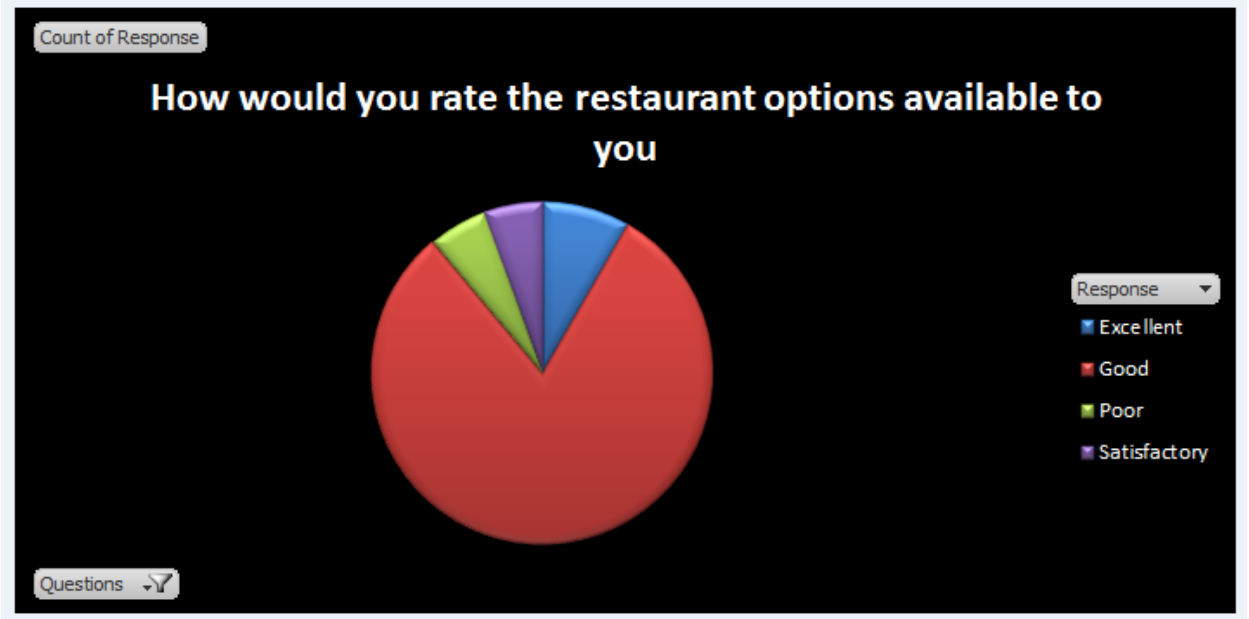
Understanding service gaps and competitive analysis of online food ordering apps.

This is a very genuine problem that people do face while ordering food online. And a huge number of people agree on having this issue. The food online industry has a small radius In an area of restaurants from where they can order food online. Many times a user is not able to order food just a little distant from his house because it doesn't fit into the radius of delivery. This problem needs to be tackled. Swiggy has a better radius of delivery compared to Food Panda and Tiny Owl

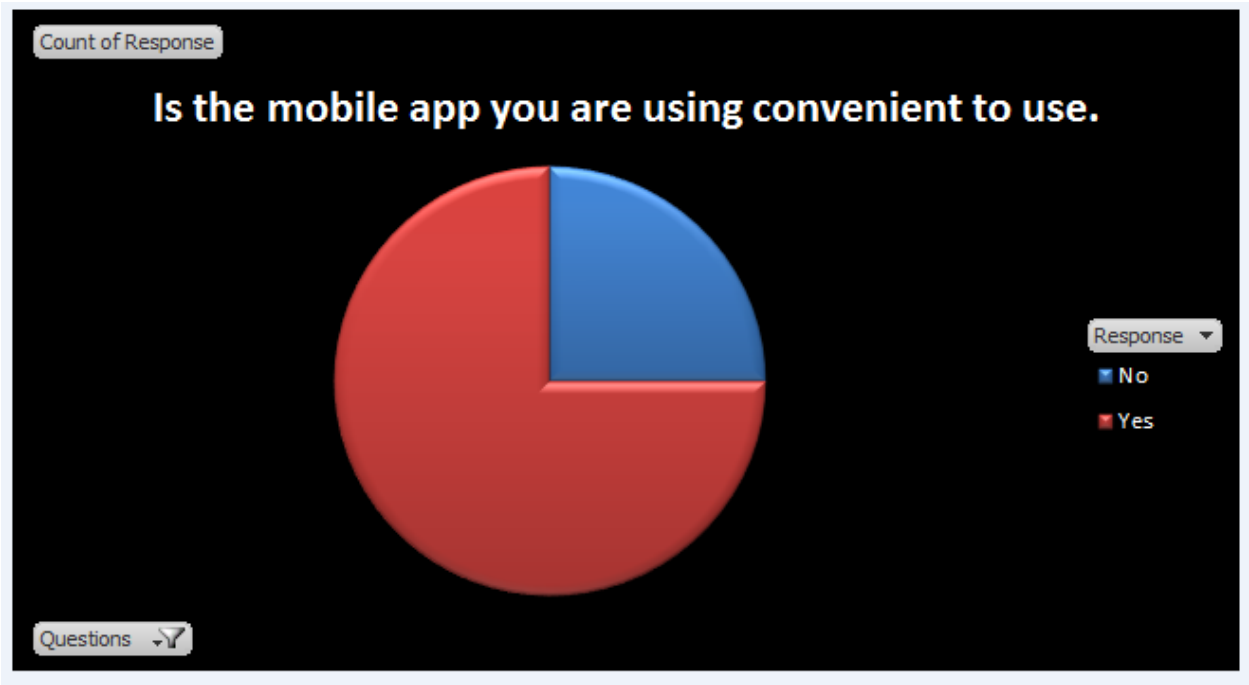


Most people are satisfied with the packaging of their order, but it will be good to reach the excellent mark with more users because packaging adds to the physical evidence of a service and never fails to impress or leave a bad mark.

Understanding service gaps and competitive analysis of online food ordering apps.

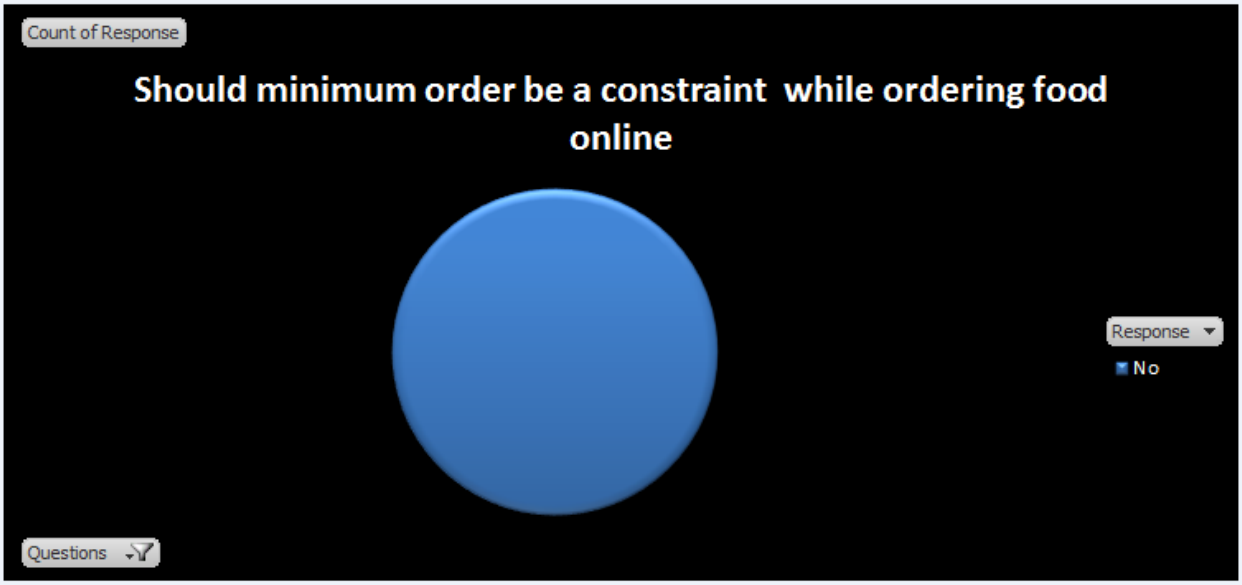


Again people are satisfied to a good extent by the options available to them, but the food online industry should focus on increasing its web around the city to cover in as many restaurant as possible



Understanding service gaps and competitive analysis of online food ordering apps.

25% people feel that their mobile app is not very easy to use. This is the technological aspect and the only channel where the customer interacts with the food online industry. So it will be advisible to the companies to focus more on it and maeke it even more user friendly

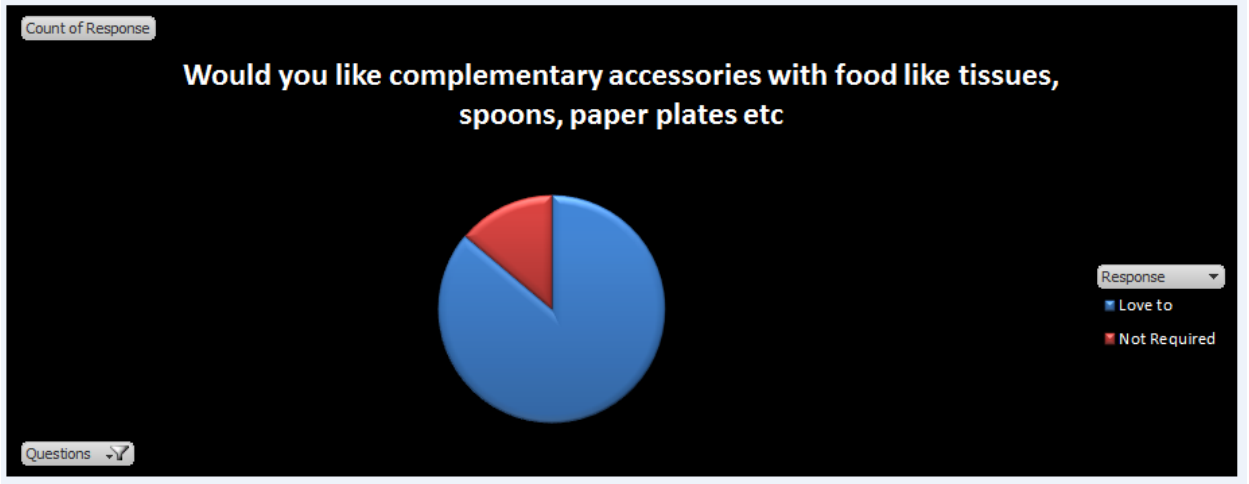


Minimum food order has always been a problem when it comes to ordering online and people are not really happy with it. Swiggy has removed this constraint from their model and getting a good response from the market

Understanding service gaps and competitive analysis of online food ordering apps.

Nobody like to wait specially when it comes to food. The delivery time experienced by most of the users is on a higher side. Food industry should be focused on more quicker deliveries to the customer. Swiggy has come up with a new delivery model which ensures delivery in 15-20 minutes

People have their own reasons of ordering food online, but time saving option tops the chart, hence again its important for the food to be delivered quickly.



Understanding service gaps and competitive analysis of online food ordering apps.

In a city like Pune, Mumbai, Bangalore and Hyderabad which is highly IT and educational insdustry oriented people from various parts of the country come and settle here for work. Hence having complemetory options of food plates and spoons will be like a blessing in disguise for them since they are mostly not very much settled with the crockery at their place

Again considering the same cities, students and IT professionals who work late nights do prefer food at any hour of the day. 24 x 7 delivery will be really helpful in these circumstances. Also at night the radius of delivery could be increased since traffic is not a contraint and restaurant that are available 24 x7 can be listed and benifited by this.

B] Secondary data analysis

Empirical results & discuss

Conclusion & recommendation

Food Online Ordering Startups are struggling for capturing Market Slice and who will be next Market Leader is a big question in the market

Understanding service gaps and competitive analysis of online food ordering apps.

The areas of services where Food Online Ordering Startups facing the Challenges and required area of improvements:

1) Miscommunication between Customer and Restaurant:
This is most common challenge all food tech online order startups facing, and causes end number of problems at both the ends of Supply and demand. They need to improve and train their Customer Public relations and Call center/Order booking divisions to avoid such miscommunications and confusions from both Demand and Supply Side.

2) Food Delivery service:
Avoid false Commitments to Customers for delivery within 30 minutes etc., be practical and realistic. Some Cases, delivery delay is more then 2 hours (exceptions but not all cases) . Improve your 3rd Party Delivery/Logistics Service or build strong inhouse Supply Chain/ Logistics Team with clear insight of delivery terms and conditions, Food Safety and quality.

3) APP service /Website Service:
Sometimes Locality is not visible, not identified and many more reasons Customer could not able to locate or trace the nearby or right restaurants. Improve your Data Analytics and Technical Database support System to improve the Customer Service. Make App one stop solutions.

4) Customers Private Informations Storing by APP :

Why it is required by APP to store all device id, device and app history, access of sd card, and customer Contacts. It's something against the customer Privacy. Customer don't like to share their private informations.

5) Limited Payment Options / Refund Policies:
Give more options to Customer for Payments like Debit/Credit Card, Net Banking, Mobile Wallets, Payment Banking, Coupon encashment and many more. Improvement required in refund policies, and to train the staff to resolve the Customer disputes for food quality/services etc. Here Best Customer Service and Public Relations and Public Grievances dept to co-ordinate and try to minimise all such refund cases and resolve the issues in best possible way.

6) Limited Restaurants registered and Easy to use Interface:
Give more options to your customer with easy to access and user friendly screen (apply UX/UI best user experience) so, Customer can easy to scan everything on one go. All Restaurants are not registered so FIX it first.

7) Food Tips:
Include Tips for Menu, Food Ingredients, and Food Appetite. Incorporate Preview Image for every dish with ingredients details.

8) Customer Comments options while ordering:
Give option to customer to add extra comments for food like jain

food, allergies, spicy, Include/ Exclude of Ingredients etc.

9) Discount Offer:
Offer Occasional deals to customers like event based,and make it effortless and convenient food ordering experience to all users.

10) Order Tracking Status:
develop the best Online experience to all users through showing Status of Food, between Kitchen, Delivery boy and Customer. Make it more Live and customer friendly.

11) Quality Of Restaurants:
Let's Food Ordering Startup's Representative frequently Visit or go for surprise check of few restaurant's kitchen and to check quality control of food preparation area, hygiene and food quality.

TinyOwl is the darkhorse but standing at position 4th in this stiff competition market Zomato is currently the market leader but Swiggy has come over most of the problems that people expected in the market and giving a strong challenge to the position of Food Panda.

Limitations

The limitation of this research work is that considering the time constraint and convenience we did not use any sampling technique. We just collected responses of 30 respondents by emailing them the Questionnaire and then analyzing the responses Questionnaire was used to collect

Understanding service gaps and competitive analysis of online food ordering apps.

responses of current online food ordering users. Questionnaire consisted of closed ended questions focused on understanding consumers convenience, preferences and expectations..

A Research study by:

Appendix

Primary data – Questionnaire

1. Do you order food online?
   a. Yes b. No

2. Why you order food online?
   a. Time saving b. Good offers c. Door to door delivery

3. Is the mobile app you are using convenient to use.
   a. Yes b. No

4. Should minimum order be a constraint while ordering food online
   a. Yes b. No

5. How would you rate the restaurant options available to you
   a. Excellent b. Good c. Satisfactory d. Poor

6. What is your normal delivery time experience
   a. 15-20 mins. 2. 30-45 mins 3. >45 mins

7. Are you always assured of correct food delivery
a. Always b. Sometimes c. Never

8. How would you rate the packaging of the food delivered
a. Excellent b. Good c.Satisfactory d. Poor

9. Would you like to track the food getting delivered to you
a. Yes b. No

10. Do you think while ordering food sometimes you are not able to order food from a restaurant which is far from your place?
a. Always b. Sometimes c. Never

11. Would you like to have food delivered 24 x 7
a. Yes b. No c. Sometimes

12. Would you like complementary accessories with food like tissues, spoons, paper plates etc.
a. Love to b. Not required c. Sometimes

References:

Jain, Sahil. "Market Research and Competitor Analysis of Online Food App TINYOWL." *Summer Internship Project Report* 19 Sept. 2015.

Soni, Alok. "Swiggy Online Food Order App." *Bengaluru-based Swiggy Takes Food Ordering and Delivery Hyperlocal, Secures $2 Million Funding*. Your Story, 5 Apr. 2015. Web. 27 Dec. 2015.

Gregory K. White, Barbara J. Manning, (1998) *"Commercial WWW site appeal: how does it affect online food and drink consumers' purchasing behavior?"* Internet Research, Vol. 8 Iss: 1, pp.32 – 38

Ramalingam, Aparna. *"Online-food-ordering-gathers-momentum-in-India."* Online-food-ordering-gathers-momentum-in-India 24 Apr. 2014, Business sec. Times Of India. Web. 27 Dec. 2015.

Morganosky, Michelle A., and Brenda J. Cude. "Consumer response to online grocery shopping." *International Journal of Retail & Distribution Management 28.1 (2000): 17-26.*

Understanding service gaps and competitive analysis of online food ordering apps.