
Note To Students

Read through the information provided about Swiggy (compiled from public sources).

Now, put yourself in the shoes of a Product Leader at Swiggy. The CEO wants you to create a Lean Canvas for Swiggy from the Restaurant onboarding perspective (not the user, not the delivery executive).

The key points should be presented in a succinct manner, along with rationale. I.e. no more than 250-words, and no cryptic bullet points.

Please type your answers in the section provided. AVOID writing on paper and scanning/ uploading them.

Assumptions made if any, should be stated clearly at the beginning of your answer.

Swiggy: The Origin Story

In 2013 two founders, Sriharsha Majety and Nandan Reddy designed an e-commerce website called "Bundl" to facilitate courier service and ship goods within India. Bundl was quickly paused, and they moved into the food delivery market.

At the time, the food delivery sector was in turmoil as several notable startups, such as Foodpanda (later acquired by Ola Cabs), TinyOwl (later acquired by Zomato), and Ola Cafe (later closed) were struggling. Majety and Reddy approached Rahul Jaimini, formerly with Myntra, and founded Swiggy in 2014.

Sriharsha claims that Swiggy was founded to get food from the best restaurants in a neighbourhood delivered to the customer's doorstep.

The market trend in 2014 was to focus on the app and not on the supply chain. All the major companies were focused on making a cool app rather than doing the difficult work of building a supply chain. You have to get a lot of things right to be successful in the food delivery business and Swiggy has managed to get one of the most important things right - logistics.

What differentiated Swiggy from the rest of online delivery channels at the time was their investment in building a proper logistics network with a fleet of their own delivery executives. This ensured that Swiggy provided customers with timely deliveries and real-time tracking of their order status.

Because of their own fleet, Swiggy did not have a minimum order policy on any restaurant and accepted online payments for all restaurants that they worked with. Reliable and fast deliveries were ensured as the delivery Swiggy executive only carried one order at a time.

Swiggy competitors such as Zomato, Foodpanda and Tinyowl built marketplaces that connected customers to restaurants but “outsourced” delivery to either restaurants or third-party logistics providers. Now, all the other food delivery companies also do the delivery logistics themselves.

It began operations in Bengaluru’s startup hub Koramangala, with six delivery executives and 25 handpicked restaurants on its platform. The focus was on popular, local restaurants that could appeal to both students and young working professionals in the area.

The users had limited time to cook or eat out, especially during work hours. This demographic valued the convenience of fast, reliable food delivery that fit their schedules. They were motivated by convenience and ease of use. Swiggy’s platform offered a quick way to browse multiple food options and order meals, all from a single app, addressing their preference for an efficient dining solution.

The first restaurant to partner with Swiggy was Truffles, known for its burgers and continental menu, particularly popular among students in the city. This was followed by other well-known establishments like Hole in the Wall (a favorite breakfast spot), Chinita (Mexican cuisine), Gramin (vegetarian fare), Tandoor Hut, Anand Sweets, Tadka Singh, Via Milano, and Lucknow Street, among others. These early partnerships were critical for Swiggy as they demonstrated trust in the brand at a time when food delivery was still an emerging concept in India.

Taphan’s Reflections

Bangalana in Koramangala was one of the first few restaurant partners to get on board. A restaurant that has quietly been cooking up authentic Bengali food since 2002.

Taphan, the current owner of Bangalana, for the first 10 years, the restaurant saw good footfall, with dine-in being very popular. But things started to change. “Earlier we recorded around 3,000-3,500 customers every month. But by 2014, the headcount dropped by 10-20 percent. However, that was just about the time Swiggy started operations and we signed up quickly,” Taphan says.

According to their records, Swiggy started bringing in 50-100 orders daily and that number continued to grow.

Things were so different in 2014. Back then there was no restaurant app for Swiggy. We would receive orders through SMSes on our mobile phones. We would simultaneously maintain a record of the orders in books,” he laughs as he reminisces.

Speaking about how Swiggy enabled them to grow, Taphan says. “Area-wise our restaurants are very small. We only cover an area of 600-800 square feet, which meant we could only cater to about 100 customers per day. When we joined Swiggy, that number doubled. We also gained visibility and people who never heard of us started ordering. Before Swiggy only 20,000 people knew us, but post 2014, an additional 30,000 people recognised the restaurant. From 2016-2020, we served around 1000 customers on a daily basis, across our branches.”

But that wasn’t all. The team at Swiggy stepped in to help Taphan with better packaging and shared insights about the kinds of customers they receive and what they preferred. “Swiggy

also helped increase our delivery range to 12 km. Through this we were able to deliver more from a single outlet, which cut down costs. Previously the delivery range was only 3 km ,” Taphan adds.

When Taphan took over, the restaurant had limited serving options. “We never had combos. Even a single person could only order a full portion of dal and rice and that didn’t always work well. One account manager advised us to introduce INR 80-100 meals – that saw a rise in orders. Swiggy also helped us design our combos. With these changes in place, we started receiving many more orders,” says Taphan, whose restaurant went from 20 food items on the menu to over 122 today.

The Money Side

Partner restaurants pay 15-25% on every order it generated and delivered through Swiggy.

Swiggy also charges an amount of Rs. 20 - 40 to the customers for delivering the order. The charges also depend upon the high order demands or unusual weather conditions.

The Swiggy delivery executives could be full-time or freelancers who wished to work and earn some extra money. For the first 4 km, Swiggy pays delivery boys Rs. 4 per km. It then pays Rs. 6 per km after they have travelled 4 km. Besides, they are paid an additional Rs.20 in unseasonal weather like rainy days. Also, Incentives are given on the basis of productive performance.

Once the business picked up, Swiggy also started allowing restaurants to promote themselves:

1. It allows the restaurants to show their banner ads on the website and app for their promotions.
2. In mobile application, Swiggy allows restaurants to show the listing of restaurants at ‘top places’ in return for some investment from their side.

And Now!

From its humble origins, Swiggy's \$1.4 billion initial public offering was oversubscribed on Friday Nov 8th 2024, as institutional investors rushed in with orders on the final day of India's second-largest share sale this year.

The IPO received bids for more than three times the shares on offer at the end of the last day of bids. The portion reserved for institutional investors was subscribed six times, while the shares earmarked for retail investors were 114% subscribed.

Q1. What was the segment of restaurants that Swiggy targeted? (2 marks)

Swiggy initially targeted **popular, local restaurants** that appealed to **students and young working professionals**, particularly in urban startup hubs like Koramangala, Bengaluru. These restaurants were known for their local popularity and dine-in business but lacked delivery infrastructure.

Describe the early adopter restaurants that Swiggy targeted? (4 marks)

Early adopters included small-to-medium sized restaurants such as **Truffles**, **Hole in the Wall**, and **Bangaliana**. These establishments had existing footfall but were facing challenges due to shifting customer behavior towards convenience. They were open to experimentation and willing to trust a new delivery platform to expand their reach. For example, **Bangaliana** saw Swiggy as an opportunity to regain volume lost due to declining dine-in traffic.

Q2. What were the problems that these restaurants were facing at the time? (4 marks)

- Decline in footfall and in-person customers
- Lack of delivery infrastructure and logistics
- Limited visibility beyond their immediate geographic location
- Inflexible menus (e.g., no combo meals or single-person portions)
- Operational inefficiencies in handling delivery orders (manual order taking via SMS)

What were the existing alternatives to these problems for the restaurants? (4 marks)

- Relying on **third-party logistics** or self-managed delivery (unreliable, costly)
 - Partnering with **marketplace models** like Foodpanda or TinyOwl, which **outsourced delivery** and lacked operational reliability
 - Expanding dine-in space (limited by physical constraints)
 - Building their own tech (not feasible for small restaurants)
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Q3. What was the value proposition that Swiggy offered to the restaurants? (4 marks)

Swiggy offered:

- **Increased visibility** via the app and digital presence
- Access to a **reliable, in-house logistics network**
- **Data-driven insights** for menu optimization and customer preferences
- **Operational support** including packaging, combo design, and delivery range extension
- A channel to reach **new customer segments** without expanding physical space

What were the key elements of the solution that Swiggy developed to deliver this value proposition to the early adopter restaurants? (4 marks)

- An **owned delivery fleet**, ensuring reliability and timely service

- Simple tech setup (initially SMS-based order notifications)
 - **Account managers** advising restaurants on menu and pricing
 - Extended **delivery radius** (from 3 km to 12 km)
 - Promotional tools like featured listings and ad placements
 - **Real-time order tracking** and payment integration
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Q4. What were the channels that Swiggy used to onboard/ service the early adopter restaurants? (4 marks)

- **Direct sales and relationship building** through account managers
 - **Field visits** and hands-on onboarding support
 - **Manual communication tools** like SMS for order delivery in early stages
 - Regular feedback sessions and collaborative menu improvements
 - Dedicated support to assist with packaging, logistics, and promotions
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Q5. What were the revenue streams for Swiggy at the time of launch? (4 marks)

- **Commission** from restaurants (15–25% per order)
- **Delivery charges** from customers (₹20–₹40 per order)
- **Paid promotions** and banner ads from restaurants
- Featured placement fees (e.g., "Top Restaurants" section on app)

What were the key cost heads for Swiggy at the time of launch? (4 marks)

- **Delivery executive payouts** (per km and per order)
 - **Incentives** for delivery agents (performance-based and weather-based)
 - **Technology infrastructure** (order routing, real-time tracking)
 - **Marketing and customer acquisition** costs
 - **Restaurant onboarding and account management** costs
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Q6. What would have been some key metrics that Swiggy tracked to see if the value proposition to the early restaurants was being delivered? (3 marks)

- **Order volume per restaurant**
- **Delivery time and success rate**
- **Customer satisfaction ratings**
- **Repeat order rate per restaurant**
- **Menu expansion and revenue growth** of partner restaurants

What was one unfair advantage that Swiggy had at the time of launch? (3 marks)

Swiggy's **ownership of the logistics network** was its unfair advantage. Unlike competitors that outsourced delivery, Swiggy ensured consistent service quality, leading to better customer experience and greater restaurant trust, which was hard for others to replicate quickly.

Here is the **Lean Canvas for Swiggy (Restaurant Onboarding Perspective)** in a clean **table format** suitable for documentation or slides:

Section	Details
Problem	- Declining dine-in customer traffic- No reliable delivery mechanism- Limited visibility & market reach- Operational inefficiencies in handling orders
Customer Segments	- Small to mid-sized urban restaurants- Local eateries with limited space- Restaurants seeking scale without physical expansion
Unique Value Proposition	Swiggy enables restaurants to boost order volumes and customer reach via dependable delivery, data insights, and digital visibility without infrastructure investments
Solution	- Own delivery fleet for reliable logistics- Restaurant listing with live menu management- Account manager support & analytics- Real-time tracking & payments
Channels	- Direct sales and onboarding agents- Partner support teams- Restaurant partner portal & Swiggy app
Revenue Streams	- 15–25% commission on orders- Paid promotional listings & banner ads- Delivery charges to customers
Cost Structure	- Delivery executive pay and incentives- Tech platform development- Onboarding & account management- Restaurant acquisition & marketing
Key Metrics	- Daily orders per restaurant- Restaurant retention rate- Delivery success/time metrics- Increase in average order value
Unfair Advantage	Swiggy's owned logistics network ensured control, consistency, and reliability unmatched by competitors dependent on third-party delivery

Let me know if you want this exported into a Word, PowerPoint, or Excel format.