Zomato's Case Study

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Introduction

- It is a restaurant searching platform from where we can order our food online.
- Zomato initially named as Foodiebay was started in 2008 by Mr. Deepinder Goyal.
- In 2008,he just scanned the menu and uploaded after great response ,he started doing that for Delhi NCR.
- He also involved his friend and colleague Pankaj chaddha.
- Foodiebay, the initial name was changed to Zomato in November 2010 to increase their reach among people.
- Currently presence in 24 countries, and 14 lacs restaurants listed and 120 Million customer(12crs)

Marketing Strategy:

1) Featured and user friendly website

2) Global mobile app

3) Simple Review and rating system

4) Sales promotion: Coupons and price-offs

5) Direct Marketing: direct message and direct mail

6) Advertisement on social media to attract more customer

By using web site:

- put top 25 restaurants in the city.
- Reward to the customer(foodie,big foodie,super foodie)
- Provide Leaderboard on site for top 25

16,506 cr (in 2022)
Net Worth

4192 cr (in 2022)
Revenue

5000+
No. Of Employees

About Market

- Food Tech Market Can be Categorized into two parts: Food Delivery and Grocery Delivery

- Food Delivery Dominates Food Tech by Accounting 67% of Total Revenue

- According to reports Market size is going to be 1868 Billion INR with 39% Growth

- Digital Payments and Ease to access internet has give boom to this segment.

- Covid Pandemic has attaracted people towards this market.

Zomato Market Size(Using Guesstimates)

Zomato Average Market Size

Population - 1.2 Billion

Urban Population: 30% = 360 Million

Assuming 70% of Urban population use zomato = 250M

Urban Upper Class = 20% = 50M

Urban Middle Class = 50% = 125M

Average Household Size = 4 = Then Family Size = 50+

175/4 = 44 Million   125 = 175

Let's Assume yearly order value from each household
= 1500 INR

Total Market Size Per year = 1500 × 44M = 66 000M

6,600Cr

Zomato user Base

Zomato Total number of user (guesstimate)
Population = 1.2 Billion
Urban Population = 30% = 360 Million
Assume 70% of Urban population used Zomato
$$= 252 \text{ Million}$$
Urban upper class = 20% = 50 million
Urban Middle class = 50% = 125 million

Ignoring lower class
as they are very low

> 75 Million user Base

Types of Outlet's

- QSR(Quick Service Restaurents)

- Cloud Kitchens

- Small Restaurents

- Chain Restuarents

Other Players in Market

- **Swiggy**

- **Eatsure**

- **Amazon Foods**

- **FreshMenu**

- **Fassos**

- **Dominos**

Zomato Failure case & effect analysis

BUSINESS OPPORTUNITIES ARE LIKE BUSES. THERE'S ALWAYS ANOTHER ONE COMING.
-Richard Branson

What are the possible cause of failure & how could they affect the business

Possible cause of Failure

➢ Delivery time of Zomato is more (not good feedbacks on Play store) compared to its peers i,.e Swiggy.

➢ Zomato Gold a failure Subscription.

➢ High Inflation, Increase in the Crude Oil price.

➢ App Security Issue : One of the Major concern for the user Privacy.

➢ New Food Tech Startups : Uber Eats, Door Dash, GrubHub, Deleveroo, Freshmenu

➢ Zomato started on 2008, that time the competitors are not there or hardly known to anyone, but now there are 8 to 9 known competitors in the market.

➢ Zomato IPO : 51% down from the Listing Price.

➢ Most of the competitors copying the same business model.

➢ Some of the Food Tech Startup Provides attractive offering like changing menu on daily basis (Freshmenu), Healthy menu (cure fit), Swadhika Foods accredited to ISO,FSSAI,USFDA etc

Effect of failure on the business

➢ Media Reputation: Some of the viral post of delivery boy eating the customer food, mis behave with the customer, improper packaging damage the Zomato reputation, Zomato need to make a improvised version of this process.

➢ Swiggy App interface is much smoother as compared to Zomato.

➢ New Food Tech Startups : Uber Eats, Door Dash, GrubHub, Deleveroo, Freshmenu are really threat to Zomato business

➢ Customer Retention rate can decrease resulting Less revenue.

➢ More Chance to the competitors, can suffocate the Zomato

➢ More Delivery time can affect the customer shift towards its peers.

➢ Proper quality check to the restaurants is necessary otherwise all customer will blame Zomato not the restaurants.

SWOT Analysis

STRENGTHS

Global Presence in more than 25 countries, Asset less business model, Simple and user-friendly interface, Customer Loyalty, Best Advertising Model, Job

WEAKNESSES

App Security issue, Expansion, Customer Feedback, Food Quality Check, Focusing on some other filed.

S W
O T

AI, Cloud Kitchen, Partnership, Community, Cross State Delivery Option.

OPPORTUNITIES

Competitor, Inflation, Crud Oil Price, Failed IPO
If Zomato wants to survive in the Market then proper focus should be on the food and the customer satisfaction, otherwise there will be No customer No Zomato.

THREATS

CPCC analysis

Company	Product	Customer	Competition
Revenue from Advertisement, Event Ticket Sale, Consulting and Analytics, Food Delivery	Zomato cant control the listing of certain menu they can only offer what restaurant offer.	1000+ cities for active Food delivery & 10+ cities for Hyperpure but quality check to the Restaurant ?	Direct competiton form the food Tech startups like Fassos, Freshmenu, Swiggy etc
Trying to expand their business in some other filed like Blinkit. Shutting Down Service in other country.	Same Menu every day, Irrelevant recommendation	Customer generated content (Includes reviews, photos and ratings posted by customers on Zomato or Social platform	In-efficiency in Expansion, Policy by the Govt.
Negative impact of the IPO on the customer mindset, Supply Chain Issue	App Privacy issue, Delivery Time issue	Customers are Happy with the food reminder notification but delivery time and charge is very more as compared to its peers	Mutual Fund Decreasing their Shareholding, User Experience Issue

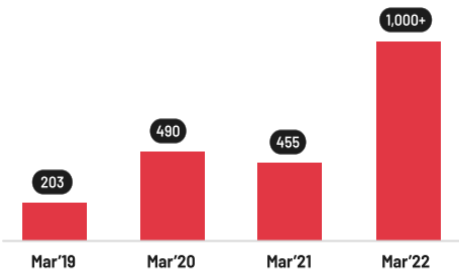# FY22 operational and financial highlights summary

Adjusted Revenue

INR billion, unless otherwise mentioned	FY19	FY20	FY21	FY22
Food delivery	9.1	23.6	21.6	47.6
Hyperpure (B2B supplies)	0.1	1.1	2.0	5.4
Dining-out and others	4.8	6.6	2.8	2.4
Total	**14.0**	**31.3**	**26.5**	**55.4**
YoY % change	*201%*	*123%*	*-15%*	*109%*

Revenue Analysis:

Food delivery active cities
#

Mar'19	Mar'20	Mar'21	Mar'22
203	490	455	1,000+

Food delivery orders
million

FY19	FY20	FY21	FY22
191.0	403.1	238.9	535.2
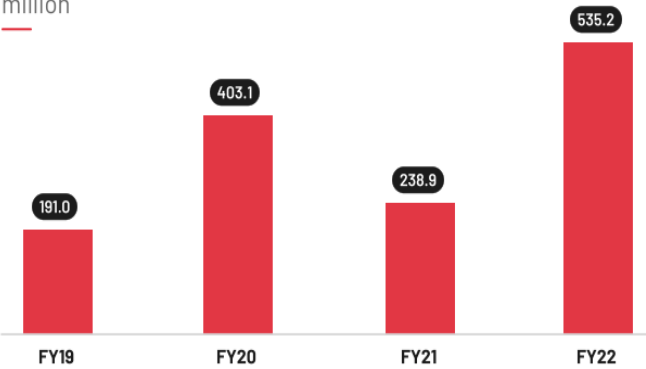
Average monthly active delivery partners
'000

FY19	FY20	FY21	FY22
81	189	120	285
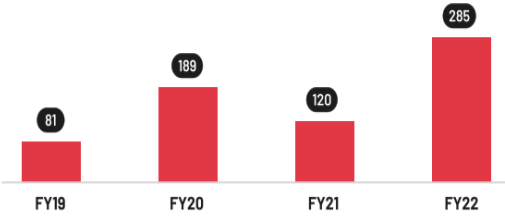
Food delivery Adjusted EBITDA margin
% of GOV

FY19	FY20	FY21	FY22
-37.0%	-17.2%	0.4%	-1.8%
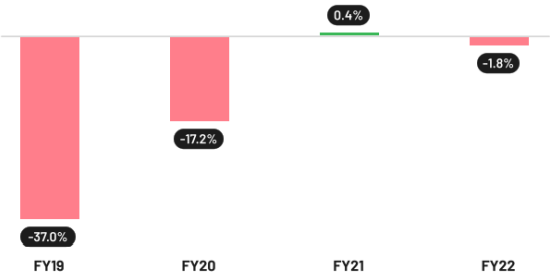
Average monthly transacting customers
million

FY19	FY20	FY21	FY22
5.6	10.7	6.8	14.7
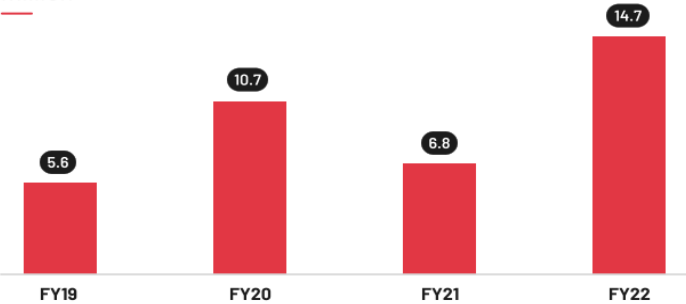
Revenue Analysis:

what could go wrong that might damage the business ?

1) To increase the Delivery price and cost of item even higher to minimize loss, That can lead to major loss as customers are not loyal , If they find cheaper rates at other platforms they will switch at first glance.

2) For the profitability of the company, If reduced the pay of contract workers, That might leads to loss of man power which eventually become the cause to loss of the company.

Growth Opportunities

1) Vertical integration of supply chain, Well what is this..: So Zomato is planning to dominate the food business in India, .

*

By **Hyperpure**, Zomato directs the supply of row products from farmers to kitchens(restaurants).

*

But the game changer is Zomato is planning to setup **cloud kitchen** which means kitchen for only food delivery no dine in , which saves a lot of money for extra space.

*

And at last delivery of food, in which Zomato already leads.

Growth Opportunities

2) But when it comes to Dine in restaurants, Zomato can start his own restaurants and start earning by owning the best chefs.

Growth Opportunities

3) Well, After the acquisition of blinkit, Zomato added a feature of grocery delivery, Which has a potential of making zomato profitable.
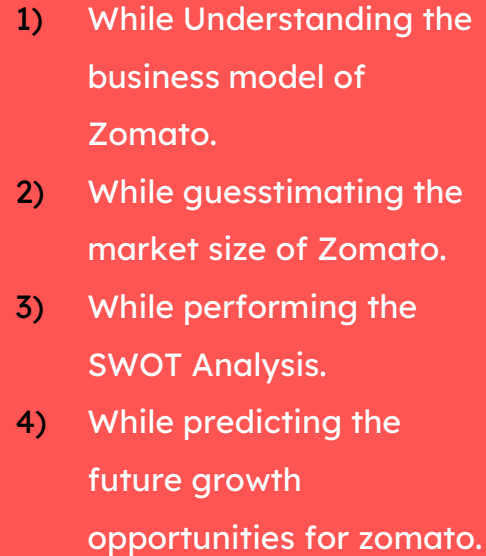
Growth Opportunities

4) Super cloud kitchen, Zomato is planning to replicate the business model of Kitopi In which owning a land and brings the best brands in food business all together at one place,

- 2000 sqft area
- 40-50 brands
- 3000 order per day

Challenges Faced

1) While Understanding the business model of Zomato.
2) While guesstimating the market size of Zomato.
3) While performing the SWOT Analysis.
4) While predicting the future growth opportunities for zomato.

Thanks!

Any questions?