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## Passionate Zomans



### Case Context

Internet start-up Zomato is one of India's global success stories. Zomato is a name which provides a solution for human's one of the very basic need called 'food'. It helps food lovers in India to find appropriate food restaurants as per choice just by using smart phone. Although Zomato has expanded its operations in more than 20 countries yet the main cities in India are New Delhi, Mumbai, Bengaluru and Pune. Zomato has become a favorite name among the youngsters. The customisation of services through taste and language is one of the specialties of Zomatians. The young founder 'Deepinder Goyal' has faced a number of challenges from inception to expansion in food and beverage industry. Its vision is to expand to more than 50 countries.

"Keeping our users happy by giving them a beautiful, easy-to-use product and maintaining a strong content platform as we grow is what's most important to us at this point in time. We're aiming to become the go-to restaurant discovery service across the globe, and we're working towards doing just that", says Deepinder Goyal, founder of Zomato.

### INTRODUCTION

Zomato was an application, which provided users complete information about the restaurants and food joints for over 1.4 million restaurants, in around 10,000 cities across 23 countries. Zomato was a platform not only for food lovers, but also for food servers and restaurant service providers. Service providers got a canvas to post and update their new cuisines and specialties of the season, while foodies got a chance to explore new food, places and new ambience to experiment with a review and feedback. In the digital era, people could easily get access to Zomato website as well as mobile apps to get the relevant choices according to their tastes.

To evolve as a friendly neighborhood restaurant guide, Zomato featured restaurant information which included scanned menus and photos, review, blogs about particular restaurants. The restaurant location, menus and other related information about food had been collected by Zomato team across the country and globe. Furthermore, they had expanded their services by providing online orders, cashless payments, table reservations in restaurants. The Zomatian way of providing the right information to the right people was certainly going to change the future of restaurant businesses. Competition among the players was helpful to provide the best quality food and quality services to the customers so that they could get the value for their money.

## HISTORY OF ZOMATO

The ideas do not need your permissions to click. It may be a class room situation where you feel hungry or bored by technical sessions. The same distractions became the starting point for the Zomato journey. The inception of this idea took place in the mind of Deepinder Goyal, a mathematic student of M. Tech. in 2006 and this student gave birth to a novel idea to manage hunger in a very creative way by just clicking your phone. Goyal worked on the idea of connecting the hungry people with the food of their choice at their door steps. He had observed that people spent a lot of time in hunting a good restaurant these days. Working on his idea further, he dreamt of designing a website to get the information about the restaurant food, taste choices and its ambience. Deepinder Goyal was soon joined by his friend Pankaj Chaddah. While sitting in a cafeteria, they observed queues of people waiting just to see the menu cards. The process of skimming through restaurant menus during lunch hour was a painstaking one. They had to queue up in the cafeteria every day to go through a stack of restaurant menus to order food. They couldn't take the menus to their desk since people ended up losing them. So, to save time and reduce the trouble of food lovers, they scanned these menus and uploaded the same online over the office intranet for their colleagues to use. The acceptance of idea and ease of usage made this idea viral and a new venture called 'Zomato' came into existence. Also, two of his juniors joined the team and collected some more menus and uploaded the same information over the website. Within few months, around 2000 menu cards were updated and the website [www.foodiebay.com](http://www.foodiebay.com) became popular among the food lovers. It was an easy way to check the report card of a restaurant, validated by their friends.

Deepinder Goyal wanted to test the water and wanted to run his own venture, but he was not ready at that time. After college, he joined Bain & Co in Delhi and met his friend Pankaj Chaddah. Although they had studied at IIT Delhi, yet they met at Bain & Co. Like-minded people came together, explored the market and decided to give it a try. Deepinder Goyal resigned from his job on the very same day, when his wife, Ph.D. in Mathematics, got a job offer from Delhi University. The preface was already started building by starting the website as Foodiebay.com, but the real changes happened after Pankaj Chaddah also left the job and joined Deepinder to test the market. They informed their parents about their decision only after they quit, so that there is no scope for any second thought. After quitting the jobs, they started to focus on other big cities in India and started their offices by the name of Zomato.

The growth of Zomato was well noticed by venture capitalist like Sanjeev Bikhchandani, the founder of Naukri.com, Shiksha.com and Jeevansathi.com. He liked the idea and services provided by Zomato and invested around \$1 million in seed funding through his company Info Edge Ltd and repeatedly invested four times. The accumulated amount reached to \$25.4 million and increased the share of Info Edge by 50.1% in Zomato, which made him majority stakeholder.

In next few months they got ready with the website information and made the Zomato app available in Google Android operating system. The idea to rebrand Foodiebay as Zomato was not just to restrict food related information only, but also Foodiebay contains ebay at the end, and they do not want to get into any kind of confusion at customer front. Now Zomato app was

successfully running on all the platforms from Android to windows to iOS. The app in 2015 had contact information of 180,500 restaurants in 36 cities. It also crossed the country boundaries and reached to 11 countries like Dubai, UAE, Sri Lanka, Qatar, the United Kingdom, the Philippines, South Africa, Auckland and Wellington and Hamilton in New Zealand, Brazil, Turkey and Indonesia. They further planned to make their presence in 22 countries in next two years.

However the company was not making any money from these apps, but it facilitated customers to use the services on more frequent basis.

As mentioned by Deepinder Goyal (CEO of Zomato), “We are looking at it as a marketing tool, but three years from now we will figure out a way to monetise it,” Zomato was generating good revenue at a significant rate. Zomato earned revenue of Rs 11.5 crore in 2013 as compared to Rs 2 crore in the last year. The regular information updation about foods and restaurants kept customers satisfactory. Also, it gave competitive advantage to Zomato.

Zomato was able to raise money through a number of funding rounds and was able to access 23 countries and more than 3,00,000 restaurants information. The fund raised was quite helpful to expand the Zomato’s scale of operations.

## **ZOMATO'S BUSINESS MODEL**

Until September 2014, the business model was primarily dependent on local advertising on websites. With the strong focus on mobile, the company decided to build Zomato for business app, which is gaining traction steadily. Zomato has since started focusing on evolving the product offering and has expanded the product portfolio to offer six products – the Zomato restaurant finder app (search and discovery), Zomato for Business (app for restaurant managers), Zomato Order (for Online Ordering), Zomato Book (table reservations), Zomato Cashless (in app payments) and Zomato Base (POS).

Zomato was focused on building a seamlessly integrated dining experience for consumers. There was a huge emphasis on ramping up operations in 2015 as well as going deeper into the restaurant vertical as well as keeping an eye over the expansion to new markets. The business model and the overall economics of the business had worked very well. Zomato's business model worked on different features like Hyper-local advertising, Zomato for Business, Cashless payments, Online Ordering, Product innovation, etc. Zomato was not handling the logistics of the actual delivery of food but was acting as facilitator between the consumer and the restaurants offering home delivery. Zomato charged restaurants a commission and this too had added a new stream of income.

### **Business Strategy**

According to Mr. Goyal, Zomato was a simple 3-click ordering process with a social interaction (rather than just social tools) to provide the platform (digitisation) and access to thousands of small restaurants who would not otherwise get recognised. The key strength of Zomato was the coverage and in-depth knowledge of food with different reviews. The continuous updating

of reviews and increasing number of registered restaurants in comparison to its competitors gave an edge over others.

The co-founder of Zomato also mentioned the same,

*“Our core strength is fresh, exhaustive restaurant information, and we have a team in every market focusing on this core to make sure we are relevant and reliable for users. This includes re-visiting restaurants to ensure that our data is fresh and accurate. In that sense, it does pose a challenge while scaling, and finding the right people for the job isn’t easy.”*

—Pankaj Chaddah (co-founder, Zomato)

Zomato's strategy was relatively simple. The focus had always been on creating a product that people will love because it adds value to their lives; one that looks good, and works even better. Zomato did not make a mistake to be complacent about its product or services. It has always searched for better and thrived hard to provide the most relevant and crisp information to its customers. It was one of the core competences of Zomato. The important key success factors of Zomato are its market strategy and branding. Company got almost 50 % of its business from mobile apps due to relevance, and an awesome user experience. The social media platforms like Facebook, Twitter and Pinterest also enhanced the presence of Zomato for food lovers.

In terms of expansion into new markets/locations, Zomato entered markets if it saw a product-market fit and had the bandwidth to execute very quickly. For entering in a new market, they tried to acquire the existing strong players in the market to leverage their brand and local food knowledge and preferences. Expansion in Europe had been one of Zomato's key focus areas. The most significant was its January takeover of Seattle's Urbanspoon in a \$52 million, all-cash deal. This gave it an entry into the United States, Canada and Australia – pitting it directly against the popular Yelp.com. Zomato also bought out six other restaurant search companies, allowing it to enter New Zealand (Menumania), Czech Republic (Lunchtime) Slovakia (Obedovat), Poland (Gastronauci), Italy (Cibando) and Turkey (Mekanist). Urbanspoon was a market leader in Australia and Canada and a significant player in the United States. The acquisition of Urbanspoon was the perfect way to enter all three markets and successful product migration – the combined product – offering the best of both Urbanspoon and Zomato on a common platform. Zomato had also been launched in Toronto and Lebanon in 2014. Zomato was penetrating quickly and got access in 23 cities within Czech Republic, whereas global competitor Yelp was only present in Prague.

## CREATIVITY AND INNOVATION

The theme of Zomato was always “For the Love for Food”, and the belief was that the best way to build relationships is by talking to the clients passionately about your own brand. Zomato felt this could be best done by its own staff. They were looking to build good and healthy relationships with media and changing PR agencies. The marketing efforts need to be done internally for building friendly approach. Another advantage of this approach was that it was a cheaper alternative. But as the marketing was in-house, a need was felt for the media opinion too. In order to counter that Zomato built a social media community Zomato approach was to build a social community around food.

## Community Engagement

They went out to bloggers every week for their opinions which acted as a valuable feedback for improving their product in addition to building relations with the media. This feature can be seen currently on the Zomato site. No other competitor offers such a comprehensive database regarding restaurants and food. Zomato achieves this by taking pictures and uploading the menus in their site and apps. The unique feature at Zomato was that they did not trust others when it comes to update information.

## The Perfect Timing

Zomato was in full momentum in just six months and around 5 lakh users were visiting their websites every month. Now it was high time to formalise this channel and make an effective presence and brand visibility through various campaigns. Feedback had been integrated and they were confident of their product. The atmosphere was that of confidence and that eagerness to go onto next level. But they did not go to the next level. Zomato waited till September instead of launching the campaigns in July to capture more number of people. Usually people go on vacations during this time. The timing was crucial. The attention to small details was a big key for Zomato's success.

## Online Campaign

Behavioural targeting was the method adopted by Zomato to spread its message out. The primary focus was on food bloggers and online food communities as these were the ones who would be most benefitted from this product and the ones who were most likely to use it. They tried to capture the customers who exhibit a consistent behaviour of using online services and food websites. The usage of food websites was the indicator of their interest while the audience surfing online services or E-commerce was the indicator of their affordability.

## Dilemma Over Message and the Creative Answers

A lot of debate was done over the message Zomato wanted to convey in their advertisements. Advertisements rich in content were their USP but they wanted to deliver a simple message, which was in sync with how they started. Until the deadline there were many messages in place but they decided to go back to the basics. Their social media strategy did not focus on the product itself. They instead focused on showing their humorous side. They wanted to show a friendly tone but there was a hidden strategy behind it. People like to share humorous content. It was an effective way to advertise. The main purpose of branding was relevance. Zomato achieved relevance as the people linked Zomato with food and restaurant. This is a classic case of branding without too much focus on product details.

## The Friendly Approach

Zomato took a very different approach when it came to customer interaction. It enjoyed the friendly conversation over social networking sites. This strategy worked very well for them and gave them originality. They worked on the philosophy of "be yourself, be original". A very important aspect was to be there for your customers when they needed you just like a friend.

Needless to say, Zomato had always been very quick to respond to user feedback and queries and this greatly helped them in maintaining a friendly approach.

Zomato not only provided information about food and location, but also the details regarding Wi-Fi, airconditioning, live music, etc. These filters with attention to minute details made Zomato what it is today. Zomato, a small startup reached a status of being amongst the top 25 and most promising websites in country in just a span of 2 years. The telephony services and the internet expansion added to its advantage in making it a success. The rising need and getting convenient access to details of eateries gave birth to this business. It was totally a non-traditional way of innovative thinking which led to success of Zomato from Zero.

### **Zomato Added Advantage**

Zomato was targeted to provide restaurant owners a platform to market themselves online. Many small restaurants could not maintain their website, but now could have an easy customer access through online advertising. Zomato, thus acted as a medium for such restaurants to grow. Also, Zomato provided them correct information about the product pricing and other related information.

### **SOURCE OF REVENUE FOR ZOMATO**

Zomato made money from the following three ways:

1. Advertising,
2. Event tickets, and
3. Sale and business intelligence and data analysis.

Advertising was the major contributor of Zomato's business revenue. Zomato earned about 80 % of revenue from restaurant advertisements. It was working with an idea to provide information about the food and places on their websites. If a food lover clicked on Zomato app or website, they would certainly like to click on the eye catching title like "Trending restaurants this week". This was one of the creative ways of advertising, where consumer was not forced to watch the ads or forced to read but they would click on the link to seek information. Certainly this reverse way was more effective than the traditional styles of advertising.

Event ticket sales provided a plethora of events happening around at different restaurants made available through the site, thus provided an interface and worked as an e-ticketing partner. The revenue of Zomato was a fixed percentage of ticket amounts as per the agreement. This source added to around 15 % of the total revenue.

Business intelligence and data analysis tools were widely used by Zomato content experts to provide the relevant information to its clients. Zomato worked as consultant to the restaurant owners to understand the customers' preferences, pattern of choices, demographics and locations.

Furthermore, Zomato tried to understand the business-to-business environment by observing the local markets in terms of their advertisement, hoarding, print media and radio advertising. If they were willing to engage with any platform (including online), Zomato targeted those restaurants and showed them the value proposition in their model. They were able to

make huge number of links from such innovative thinking and earned revenues by linking with these restaurants. Being a local search platform, it had the technical skills to change the reviews and ratings of particular restaurant but it was very clear to Zomato's creators that they will never compromise on their content for revenue. Overall revenues generated Rs 11.37 crores in FY 2013-14 as compare to Rs 2.04 crores in FY 2012-13. Advertisement revenues saw a huge growth of more than 500 % from Rs 1.59 crore in FY 2012-13 to Rs 10.88 crore in FY 2013-14. Event ticketing, a business that Zomato entered in late 2011, showed a decent growth pattern. The firm saw a growth of 22 % to Rs 33 lakh in FY 2013-14 from Rs 27.4 lakh in FY 2012-13. However, restaurant booking saw a minor decline in income from Rs 17 lakh to Rs 15 lakh in FY 2013-14.

It was quite evident that advertisement revenue was the major contributor of revenues with a contribution as high as 96 %. The revenue generated from advertisement was 78 % in FY 2012-13. Growth in income from advertisements on site saw a huge increase as compared to event ticketing and restaurant booking in FY 2013-14 and it completely outshone them. In event ticketing, there was a considerable growth but Zomato still lagged behind its major competitors like bookmyshow and kyazoonga.

## **COMPETITIVE ADVANTAGE**

After 2011, the e-commerce sentiments in India started to change and winds started to favor the rise of Indian companies like Flipkart, Myntra, Cleartrip, RedBus, etc. These companies created a buzz by implementing the right product and furthermore offering better service. Appreciation from Indians came wholeheartedly and spread over word-of-mouth and primarily over social networking sites. The websites of these companies were not as good as those of Pinterest, Pandora, Rdio, Kickstarter, etc. No matter how the Indian counterparts represented themselves, they were able to complement to their needs and the desires of the Indian people and were able to sustain themselves in a variety of ways. Zomato was a different story altogether. It created a space for itself in the Indian diaspora. Although some of the Indian company websites lacked in their design, but Zomato was always the best. It was able to draw people's interest and offer its product. It gives the kind of experience of any sites used in the West.

### **Simplicity**

Unlike Snapdeal, Tripadvisor or Justdial; even before Zomato came into being, Burrp, another player in same industry, pitched into the same market but faded away just because they did not have a product to sustain themselves in the long run. Zomato sailed through by rightly targeting food and restaurant segment, which was unexplored earlier.

Any other company would have stopped functioning. But there were many other things apart from the regular restaurant listings that Zomato had to offer. The website with its colour combination, font and design was already a hit. Their app was equally good. The leader board, featured reviews and "Write for a bite" are some of the features that attracted the users and made them to stay connected.

## Importance to the User

Zomato offered customers, a solution to have access to all the restaurants through a database, types of food menu, location of the eateries and most importantly their feedback and the reviews. Also “on the go mobile apps” which provided convenience, easy interface, presence over social media like Google +, Facebook and availability on various platforms contributed to the increasing rate of application and hence was responsible for generating revenue. The operating revenue of the Zomato was just zero in FY 2011-12. The trend changed in FY 2013-14 where the revenue was Rs 3 crores per month and a change of 458% was seen out of which India alone contributed 65% of the total operating revenue.

These features offered four levels of user and allotted point through a system. Nothing was hidden and hence simplicity to understand helped the users to familiarise with the application at one go. With the “Write a bite” contest, it propelled good review writers to fight for a review competition at the end of a week and rewarded the best reviewer. These gave the users opportunity not only to use their listings, but also showcase their writing skills. A sense of importance for each user or a reviewer showed that the company cared for their reviews and they were also featured at the site. The efforts and time devoted in writing reviews did not go in vain, when someone read it.

## The Restaurant Finder

Finally the Restaurant Finder was the most important feature Zomato had to offer to its customer base. It was available both on website and as an app, it boomed as soon it came. People found it very useful implementing the module better as an app rather than on website. The different segments of browsing, finding nearby restaurants, brilliant usage of filters actually helped users to filter out the restaurant of their choice aided by the reviews and other details in a well-organised way. They improved the eating out experience in a true sense by providing menus and photos of restaurants.

## EXPENDITURE MODEL AT THE ZOMATO

It is well known that a man has three basic needs – food, clothing and home. IIT Delhi’s student Deepinder Goyal was smart enough to catch an idea as his business plan, which seemingly appeared to be a very small and had negligible segment. After second world war in the international font people increasingly became affluent, and an affluent society had emerged which looked for food as a part of leisure, socialising, sharing pleasure of talking and being with family and friends while eating, and not just food alone as the basic necessity. Many of the people in modern society didn’t care to pay a little extra for good ambience, location, standard boost, gentry around them, tasty food or just its presentation! Deepinder Goyal was able to notice this mindset of people.

## Zomato Operations

Today Deepinder Goyal’s company Zomato clicks photographs of the restaurants, collects their menus and presents on the internet. They also present experience of other customers

on websites as well as on apps on all media and OS including iOS, Android, Windows Phone and BlackBerry. This is supported with a lot of data analysis for their clients, e.g., what kind of society exists, where, what is their taste, requirements, etc.

The main source of revenue of Zomoto is advertising, by placing advertisements of restaurants on their websites and app. As is known, 80 % of their revenue comes from direct advertising of restaurants on their websites and apps, and about 5 % from ticketing. Balance comes from various advisory sources.

### **Company Financials and Growth Pattern**

A very important and genius approach adopted by the company was that their cash graph was almost horizontal, only slightly rising to sustain interest of their investors or shareholders. This was against the fact that the company started only with an idea and zero cash, and had absorbed five major investments which were also proportionately increasing. Still the company was showing losses.

The company was very clever to handle its finances. It can be seen their growth has been almost vertical before 2008 and also thereafter. They went on investing all their earnings for expansion, be it in India or abroad. Thus, they were avoiding any surplus cash and profits. This meant low taxes, and low wastage. The credit goes to their idea of the food sector which was really an ocean. The company spent all its earnings into expansion. Their major investor Naukri.com was very well aware of the potential in this line, and the potential of the company to grab these opportunities.

The company was continuously growing at a phenomenal rate. Not only they had absorbed all investments but had taken only that much money from Info Edge which they could invest in that financial year. In 2011 when they were a small company, after taking \$2.5 billion from investors, they dared to buy New Zealand's Menu-Mania for a whooping sum of nearly \$2 billion. This may not look appreciable amount, but it showed their determination to take over the world. At a time when their own worth was not much, this was certainly a very daring, risk taking and well calculated business disrupting act.

They had not made many big investments like this at many places, but had been continuously expanding city by city. Even after having a foothold in Chile recently, the company announced to spend another \$2 billion on expansion that quarter of the year 2014 itself.

The actual expenses were very low. They spent only 3 % as internet related expenses, but about 35 % was spent on manpower used for business analysis, expansion and to maintain one of the largest customer data. They invested another 35 % on advertising and promotion. A substantial part of earnings was being passed on to the shareholders at a rate of Rs 2.5 per share in FY 2013-14, in addition to an approved dividend of Rs 1.5. This kept their investors happy on the stock exchange both at NSC as well as Bombay Stock Exchange. As is evident from their 2013 balance sheet and partial 2014 projections, the company had been earning more revenue year after year. But they have been spending at a greater rate – resulting in losses in balance. After the company got an investment of Rs 226 crores from their prime investors,

the company was losing its financial autonomy, and control was to go in the hands of principal investors, who was having a share from 51% to 57%. So the company had no option but to go for public shares in a very big way very soon. This was to happen in 2015 or even in last quarter of 2014.

## EXTERNAL FACTORS

### An Indian Company Started by an IITian

Since most of the food hunters found online were educated people mainly engineering students, so at that time it was a matter of pride for an Indian company to give them advice. Moreover the company people understood very well the need of their site visitors. So there was 100% matching. This innovative method of choosing a restaurant, a bar or a club was also very safe and clean.

Zomato was providing advice to save everybody's time and money. The grading they provided from 1 to 5 was already tested and used in Bombay by the BMC for almost 50 years now, and restaurants charge according to their grades. So it gave an economic understanding of the restaurant, bar or club. Furthermore, Zomato provided a platform for social interaction; firstly by giving them an idea what kind of gentry and what kind of an ambience will be there at the restaurant, bar or club. They went further in to provide 'FREE KI ADVISE' from other fellows. They went way ahead when they offered a platform from where you could advise others and were virtually present on the Zomato site without paying anything.

Pankaj Chaddah, co-founder and COO of Zomato once said, "People rely heavily on regular recommendations and feedbacks from friends, family and relatives while looking for eateries. Our main motive was to cater this business through social networking. Also our main motive was to create a product or service that would encompass restaurant search, discovery, and be one that our users would enjoy using. Making sure that the users are engaged and maintaining a content platform are important aspects that need to be addressed in future times." Searching for restaurants was now quicker than ever. Most of the revenue in financial year 2012–13 entirely from online advertising and 2013–14, the company claimed of making higher profits. As they planned to enter Scotland, Zomato would surely benefit from Scotland's vibrant society, industry sectors, its talent pool and business-friendly environment.

Zomato exploited all popular technologies such as presence on internet and apps for different mobiles. This was certainly a very timely and smart move. Their clients could be always in touch with Zomato in this way. In the bottom of the screen, these apps also flashed restaurant advertisements to motivate the customers further.

## CHALLENGES FOR FUTURE

It's a high time for Zomato to go public and launch its IPO. It is in its investment phase and the funds will help Zomato to expand itself even further. Currently ZOMATO is available in only English, so it creates a language barrier and people who are not very comfortable with English cannot use Zomato even if they want. They have already planned to launch a Thai, a

Portuguese and Spanish version of the site in the coming future. At present, ZOMATO may be calculating and preparing itself for the launch of public shares and proposing new projects side by side to make the offer more lucrative. Currently, Zomato is operational in 11 countries and it should expand its reach to other countries and earn a global reputation. Zomato is already planning to expand to 18 to 20 countries in the coming few years. Zomato is also thinking to acquire few more startups as this could help them greatly in the coming future. One great addition to the millions of services offered to Zomato would be the option of advance booking of seats at various restaurants from the website itself.

Zomato was pondering to start offering food coupons or discount coupons for its customers going for online booking and reservations; this would attract a large audience. Zomato could also start its own service centers because a large chunk of people cannot use internet properly and are not very active on it. So if customers can directly call on the service centers and ask about restaurants types they want to go to or any other related queries then this could lead to an even better customer satisfaction. Zomato also wanted to expand its reach to rural areas as India is a country with huge rural areas and people have no internet access so it is an untapped market for the company to explore. Restaurants' phone numbers on the Zomato website are very frequently not working and thus the firm was trying to rectify that issue and keep a record of all the changes in the restaurants details.

So far the policy of the company had been very consistent, simply expanding the same old work and putting them on website. However the company would sooner require going for path break-through innovation, as they meet competition and business threats. With their presence on several continents now, most probably they would aspire to become a major player of internet based services. Anyway their present business is far away from being saturated so soon.

A threat came their way when they started their operation in Singapore and found that restaurants were not willing to disclose their menus on the internet, or even being photographed. They have been having a different culture and would not like to accept Zomato offers even of free advertisement launching. This non-cooperation resulted in sudden losses to the company and they were forced to windup their operations in Singapore. It all depends on the kind of response the company gets on the stock exchange for public investment that the company will have to think of using the money. So far their expansion has been satisfactory, and the company never collected enough to worry about investing in portfolios.

The major investor Info Edge would not like to meddle with many takeovers by Zomato for two reasons: it would be cannibalism or an act of eating itself. Moreover, the policy of Info Edge is to let various companies grow around them like Shiksha.com, Jeevansathi.com, and Naukri.com. Thus they are primarily venture capitalists.

Zomato has understood the importance of skilled manpower. They have recently launched a scheme for prospective employees to come and prove themselves within a week with all expenses paid. At present Zomato may be calculating and preparing itself for the launch of public shares and proposing new projects side by side to make the offer more lucrative. Also, a time will come for experimentation with this sort of money. We may see some forced diversification of the business taking place in very near future!!

## QUESTIONS FOR DISCUSSION

1. Does all the business models of Zomato make sense? Conduct a detailed customer expectation analysis.
2. What is your assessment of the changing industry and its impact on company?
3. How effective has the firm been in gaining competitive advantage in the industry?

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