

**Name** - Mayur Roopchand Patel

**About me** -

Linkedin : <https://www.linkedin.com/in/mayur-patel-3438501b4/>

Github : <https://github.com/mayur0408>

## Contents

- I. Introduction
- II. Zomato's Business Model
- III. Valuation
- IV. Revenue Model
- V. Marketing
- VI. Diving Deeper into Zomato's data
- VII. Reference

## INTRODUCTION

The seed of Zomato was sown approximately 12 years ago, back in 2008, the thought was conceived in the minds of two passionate foodies Deepinder Goyal and Pankaj Chaddah. There was the need to have access to all restaurant menus digitally at one place and the passion to make it available for all that gave birth to Zomato. Zomato wasn't called Zomato from the beginning. It started as 'Foodiebay', which was an online restaurant directory. From a home project, it has lengthened into a large food aggregator that operates globally. With its footprint in almost 24 countries and over 10000 cities. In addition to discovery and delivery, Zomato has also entered various segments like restaurant reservations, loyalty programs, and live events.

## Zomato's Business Model

Today, Zomato has multiple revenue channels besides online ordering, which most consumers would be familiar with,

- **Customer Segments**

The customer segment of Zomato has been divided into three parts:

Local restaurants : Zomato enables restaurants to make themselves visible to their target audience

Users : Zomato is dedicated to users who aspire to locate restaurants or specific cuisines nearby. Zomato is the panacea for users who are fond of home delivery

Reviewers : They are content contributors of Zomato. They actively review food and places and provide relevant information to the users in textual and graphical form.

- **Zomato Working**

Zomato acts as the connecting bridge between customers and partner restaurants. Zomato has crafted a well-designed pricing model for their only delivery services. The inclusion of Zomato Gold & Piggybank has improved the quality of services provided by Zomato.

- **Alliances of Zomato**

Recent partnerships with various big names like Uber Taxi, Visa, PayPal has enhanced the business model of Zomato. The partners have aided Zomato in various aspects, for instance, finding a location to set-up, hiring and other procedures, work placements, market research, handling operational, accounting, political and legal issues, etc.

## **Valuations**

- **Zomato Investors and Value**

As of now in 2021, Zomato was valued at 5.4 billion dollars during a new investment of 250 million dollars. There are 5000 employees at Zomato as of 2021. With a total funding of about 2.1 billion dollars from 2008 till present, the organization surely keeps the hope high for investors!

Zomato has raised \$250 million, two months after closing a \$660 million Series J financing round. Kora (which contributed \$115 million), Fidelity (\$55 million), Tiger Global (\$50 million), Bow Wave (\$20 million) and Dragoneer (\$10 million) pumped the new capital, Info Edge, a publicly listed investor in Zomato, disclosed in a filing to a local stock exchange. The new investment gives Zomato a post-money valuation of \$5.4 billion, up from \$3.9 billion in December 2020, said Info Edge, which owns 18.4% stake in the Indian startup.

- **Zomato during covid-19**

Zomato was able to significantly reduce the losses. Zomato's losses in 9M2021 period were one-tenth of the losses reported in 2020. The main reasons were significantly lower advertisement expenditure which dropped by 77 percent in 9M2021 period as compared to 2020. Also, greater efficiency in operations led to lower losses for Zomato.

- **Zomato Acquisitions**

Zomato is known as the acquisition king among the industry leaders, especially after acquiring around 14 companies since its establishment in 2008. Some of the acquisitions done were of MenuMania, Gastronauts, Cibando, Urbanspoon, MapleGraph, Sparse Labs and TechEagle Innovations. The most recent and the biggest acquisition was done on 21 January 2021 when Zomato announced acquisition of its rival food delivery service Uber Eats' Indian business for an undisclosed amount which some news agencies speculated around 350 million dollars.

## **Revenue Model**

- **Commission on Delivery services:**

The major source of their income comes from commissions in delivery made by Zomato delivery guys. These commissions formed about 75% of the total revenue of Zomato for FY2019.

- **Zomato Gold:**

This is a freemium model based idea. The concept aims at providing premium services to subscribers. This system helps the customer in enjoying complimentary food and beverage services offered they have gold memberships. This service alone generated a whopping \$49M in FY19 and \$30M in FY20.

- **Ticket sales:**

The ticket sales for various events held in restaurants in partnership with Zomato generate a colossal revenue for Zomato in the disguise of commissions. Zomato also charges for the consultation services provided to their partners.

- **Promotions:**

Zomato continually engages in the promotion of various restaurants. Partners get higher exposure and visibility via banner promotions, and they are charged by Zomato for the same. The promoted content is shown to users directly on their Zomato's app front page or by notification on smart phones.

## **Marketing**

At the core of Zomato's marketing strategy lies innovation and agility to adapt to current affairs.

- **Zomato's approach on twitter**

Effective communication is at the core of Zomato's excellent marketing strategy. Their tone of voice has always been engaging but rather unconventional and this is what makes them stand out. Their focus is interaction with their audience. Their Twitter account adopts a tone

that is frivolous and witty. The biggest takeaway from this campaign is that Zomato knows how to work its community and knows how to stand out among your Twitter feed where almost every brands are bent on promoting their products. That's one of the pillars of Zomato's marketing strategy.

- **Adaption during Covid-19**

In these hard times they used their enormous delivery network and logistical resources in a perfect way to make a real difference in society. From delivering food to delivering groceries, they've made a real difference during these tough times.

- **For the Zomato Community**

Zomato has negotiated with local state governments and the central government to ensure that their services keep running smoothly so that people are able to avail themselves of food delivery in these troubled times. They've also started contact less delivery where their delivery partners have been trained to leave packages outside homes by discontinuing cash on delivery. Also, recently started delivering groceries across 80 cities in the country. Even though this is not directly part of Zomato's marketing strategy, the clear takeaway here is that Zomato is focused on making a difference to the community and creating a connection with their customers. In the long run this translates to loyalty and better connection with the users!

- **Some of their best campaigns**

1. Zomato during IPL

It is a solid attempt at gamification from the company where they have a huge list of deals and discounts in participating restaurants that their customers can take advantage of. Moreover, people also have the chance to predict who will win a particular match on a given day and then avail of further discounts if they get it right.

## 2. Zomato Gold

It was a paid loyalty program which a user can buy giving them much better offers, deals and discount as well as complimentary dishes as some restaurants that is part of gold program. It was a grand success as it accounted for 12% of Zomato's revenue in 2018.

## Diving deeper into Zomato's data

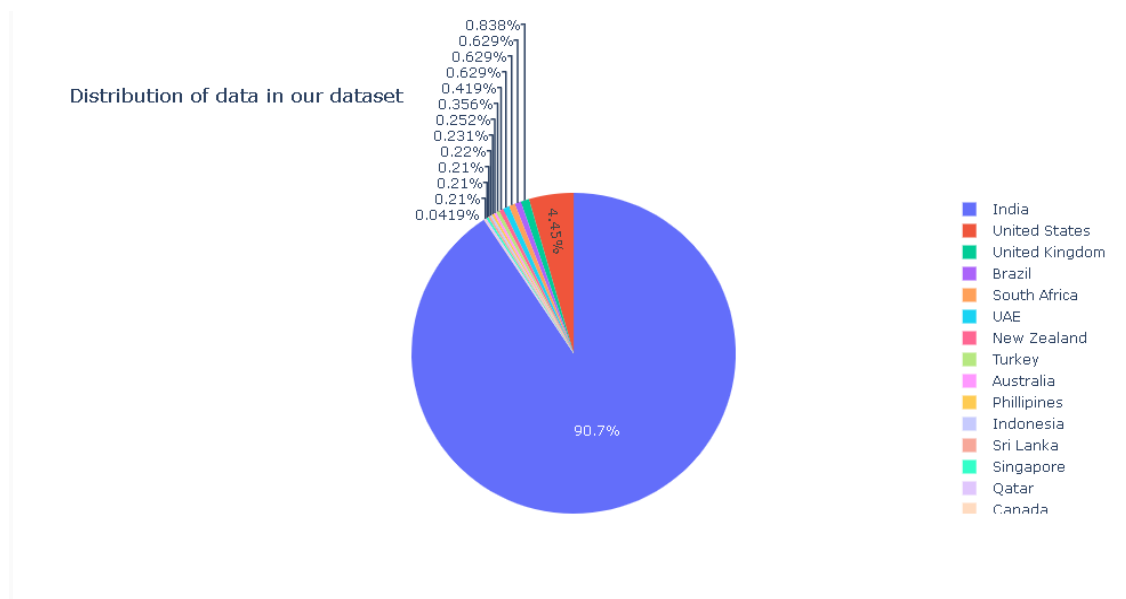
For further exploration we used Zomato's data which was released by them in 2017 in .json format which can be retrieved using API key which was free to generate and provided 1000 call per day in free trail. We will find various relations and insights in the data for evaluating the business.

- About Data

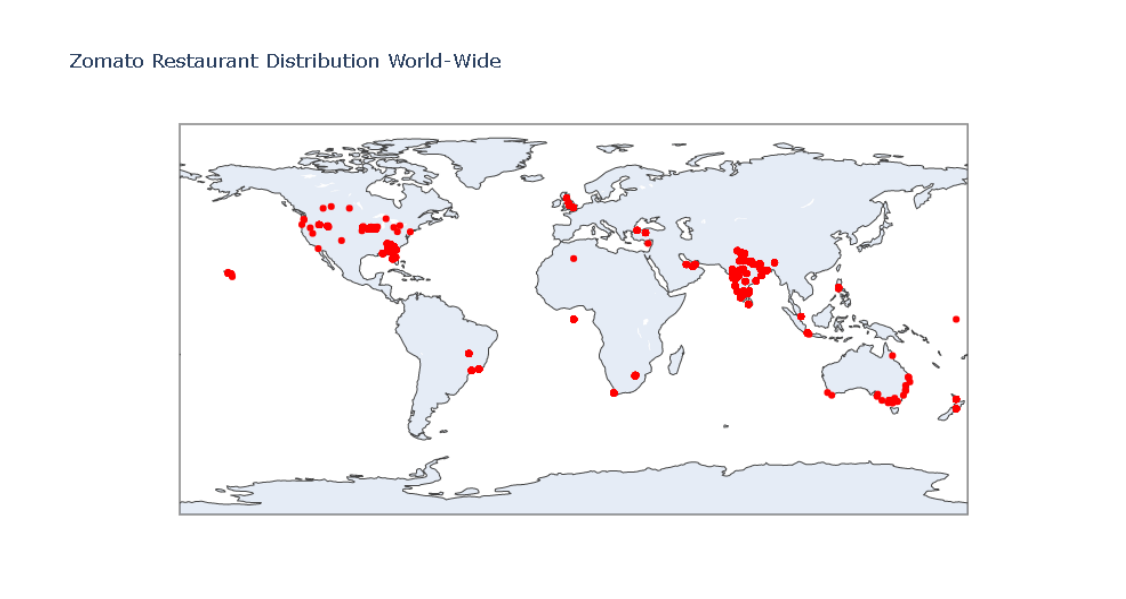
The data we used here as 9551 rows and 21 columns in which some of the columns had missing values. After removing this missing values we will go further for evaluation of this data.

- Data distribution

The data contains various information related to customers and restaurants from all over the world. Major part of the data has information about India which can be show with the help of visualization below.

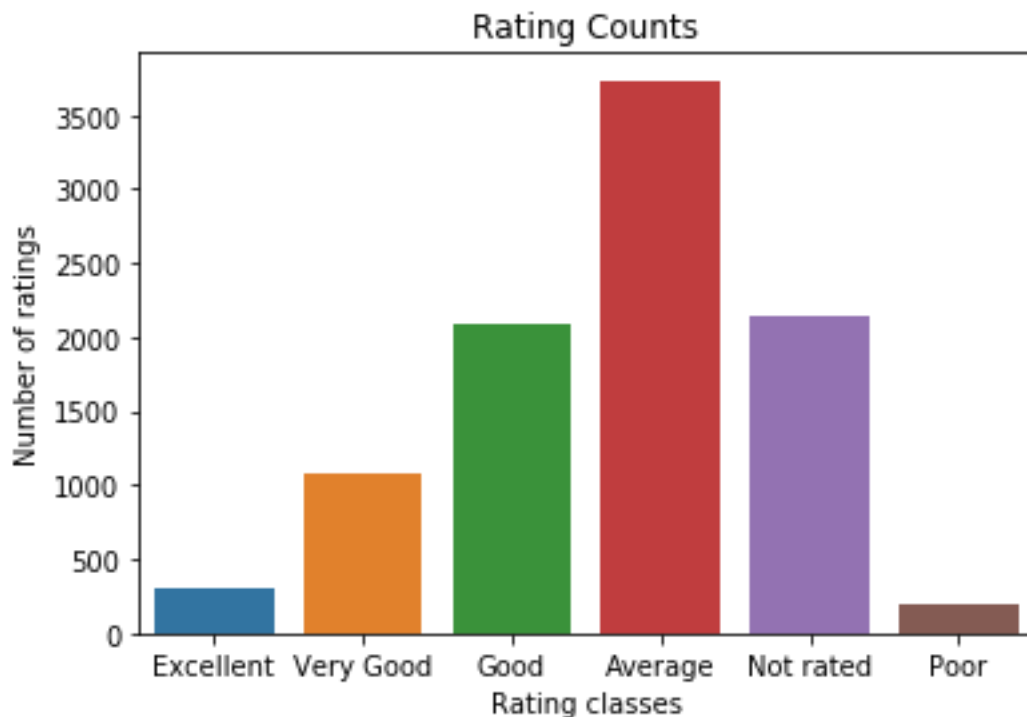


However it is much more easier to see distribution of data on map, so lets see another visualization of Zomato partnered restaurants in the entire world.



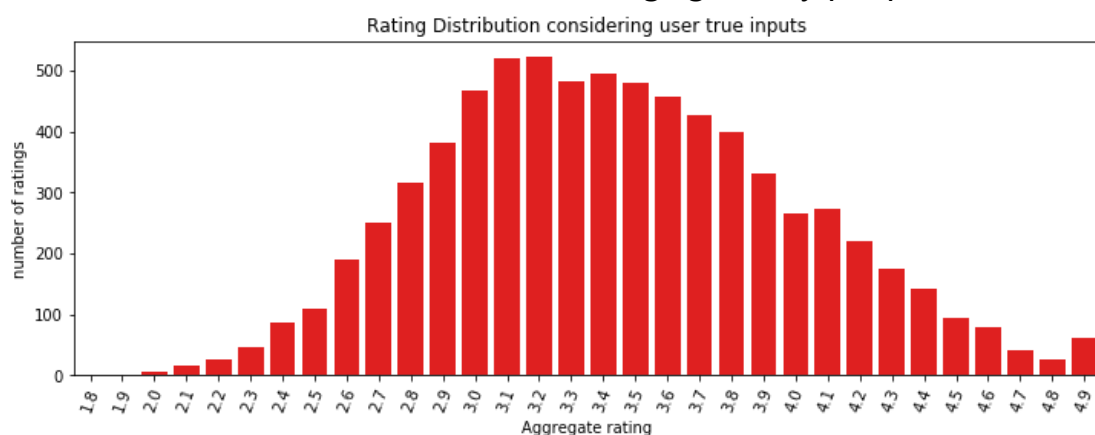
- Ratings evaluation

To get insights from rating first we need to see the rating classes count.



As you can see that majority of people have given average rating to restaurants, second is not rated which shows that people are still not interested to undergo another step for rating restaurants and that Zomato can work on their UI to make it much easier and simpler for people to rate!

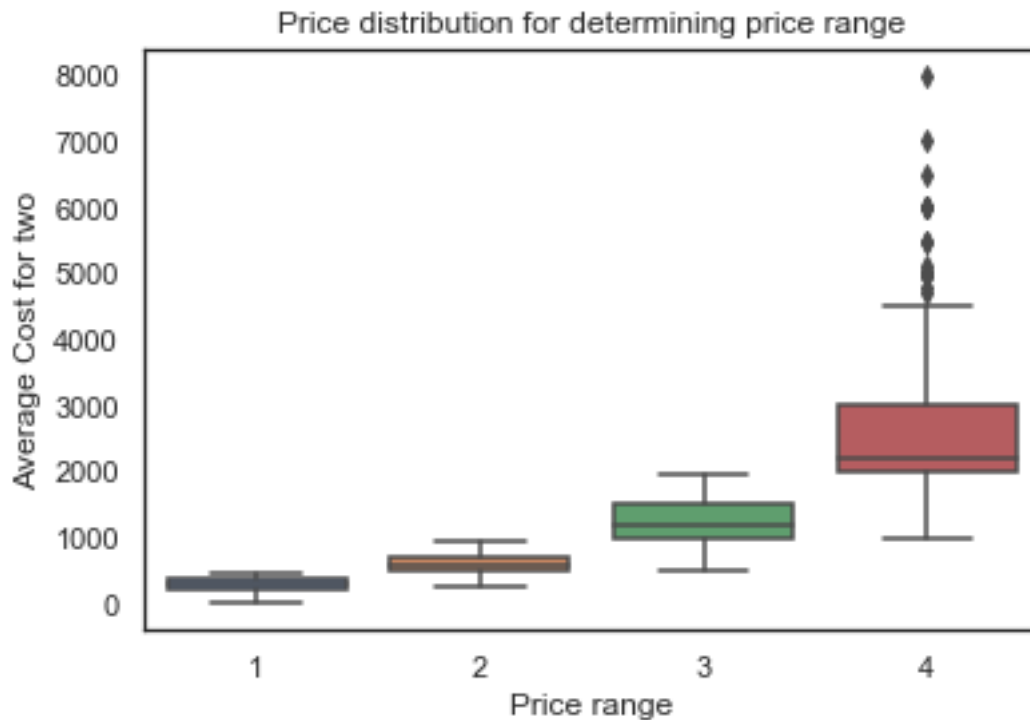
However now lets see distribution of ratings given by people.



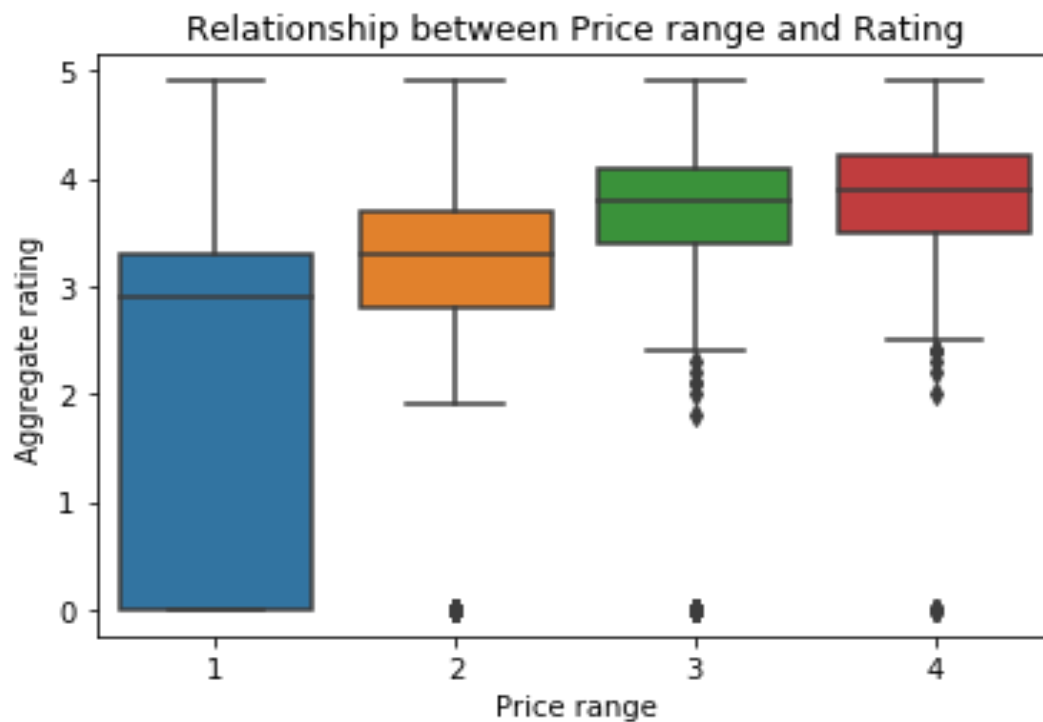
The rating follows a normal distribution which is much more predictable, however we have more restaurants with 4.9 rating so we need to have a look at it. A normal distribution is a sign of good data and can be worked on with much ease. Most of the ratings lie between 3-4 which support our previous visualization that said most people rated average ratings.



For ease of understanding Zomato divided average price of two person into four classes, their range can be seen in the visualization given below.

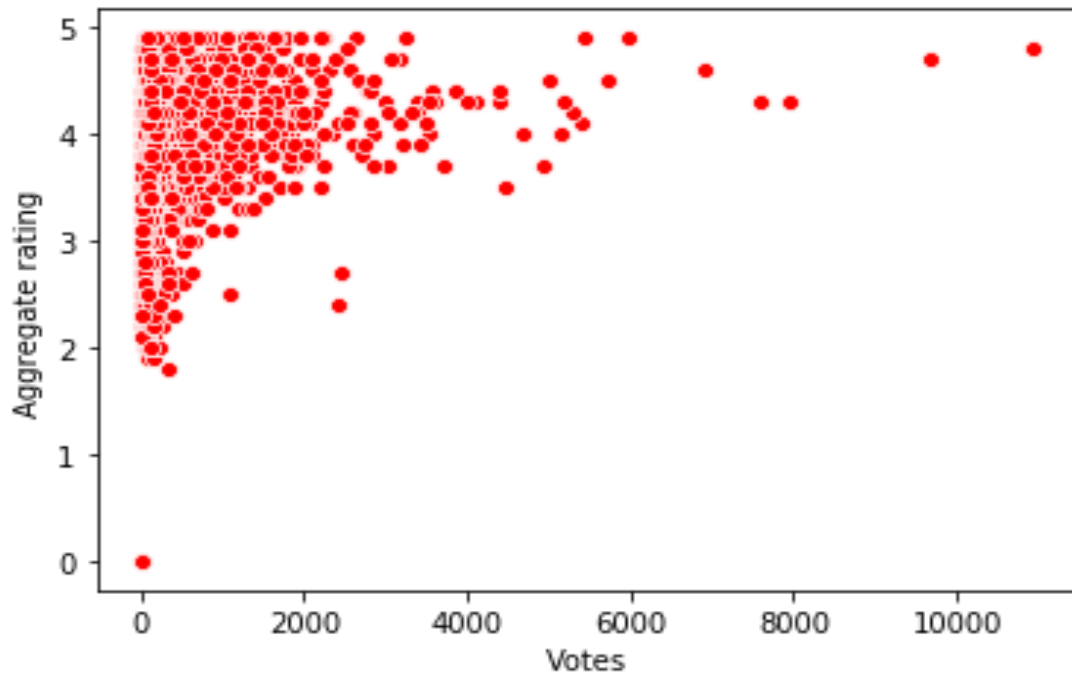


We can see the price range distribution in above visualization. Now lets find out that the ratings given by users are affected by price range of a restaurants or not.



From the above visualization it is clear that restaurants having higher price range tend to get slightly better rating, however it is also observed that each price rating have good and bad ratings.

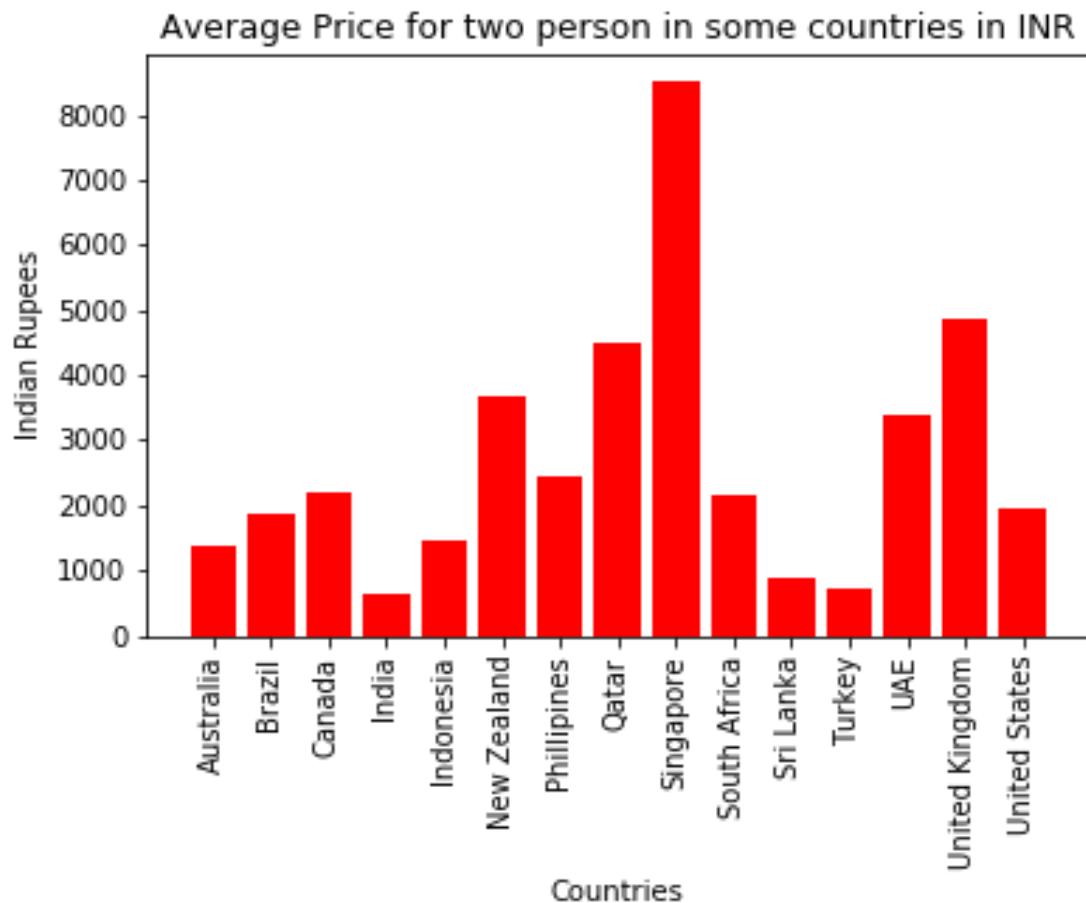
Now lets find out that more amount of rating relate to better rating of restaurants or not.



From above visualization we can see that there is no direct relation between number of votes and ratings between 0-4000 votes, as these categories have good and bad rating irrespective of the count of votes, however above 4000 it is seen that most of the restaurants that receive these much votes have good rating.

- Zomato's average price in different countries

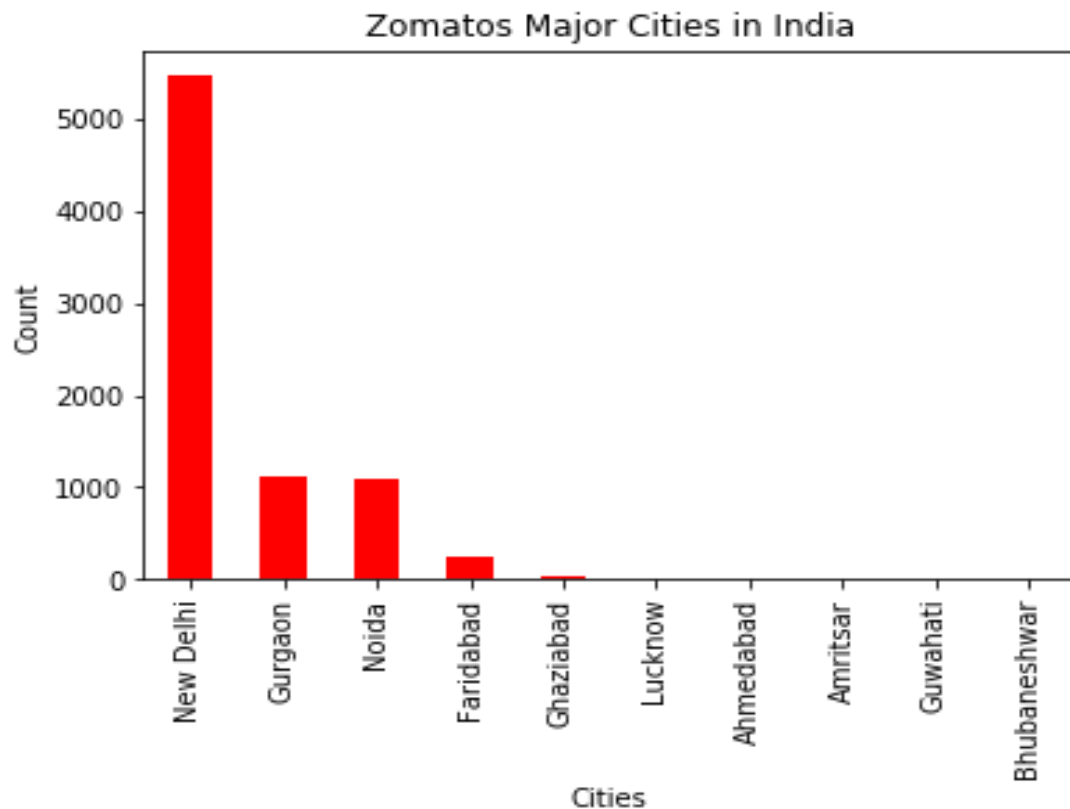
Zomato is an Indian startup however it has been established in various countries world wide. Lets see the average price for two person in different countries in Indian Rupees. Lower price attracts customers, therefore the aim of the company should be to lower the average price as low as possible to increase their users.



We see that India and Turkey are having lowest Average price for two person. Lower price attracts customers and therefore Zomato has such huge success in India. We see that Zomato in Singapore is extremely expensive compared to others countries. Here the average price for all countries has been converted to INR based on price value of 17<sup>th</sup> May 2021 for comparison of average price for two person of various countries.

- Zomato in India evaluation

Out of all the countries, Zomato is having biggest market in India. So let's find out more about Zomato's sales and other aspects in India. Major cities in which Zomato operates can be seen below.



Majority of restaurants resided in Delhi in 2017, however now Zomato has expanded in various big cities in India like Mumbai, Bangalore, etc. Now let's find out what are major cuisines provided by restaurants in India.

North Indian	936
North Indian, Chinese	511
Chinese	354
Fast Food	354
North Indian, Mughlai	334
Cafe	299
Bakery	218
North Indian, Mughlai, Chinese	197
Bakery, Desserts	170
Street Food	149
Pizza, Fast Food	131
Chinese, Fast Food	118
Mithai, Street Food	116
South Indian	112
Bakery, Fast Food	108
Chinese, North Indian	105
Mughlai	103
Ice Cream, Desserts	83
Ice Cream	74
North Indian, Fast Food	74
Mithai	71
North Indian, Chinese, Mughlai	70
North Indian, Chinese, Fast Food	68
North Indian, Chinese, Continental	65
Bakery, Desserts, Fast Food	63
American, Fast Food, Salad, Healthy Food	62
Mughlai, North Indian	60
Fast Food, Burger	56
Beverages	54
Italian	54

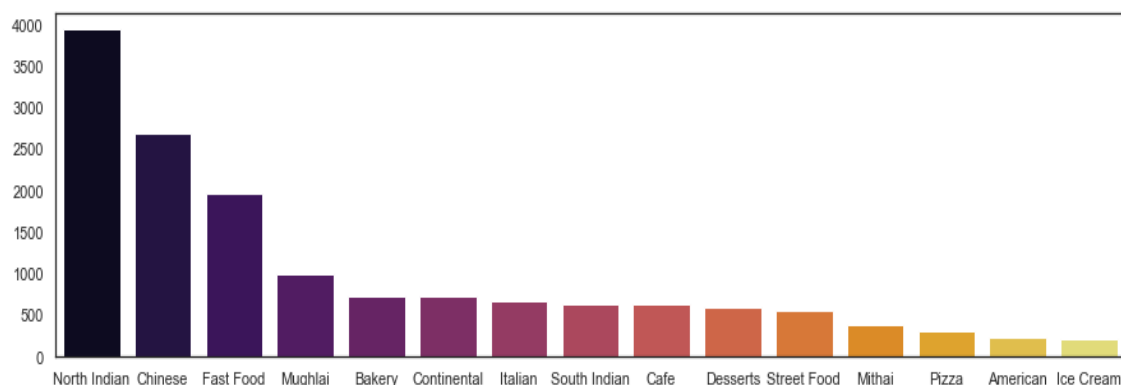
Name: Cuisines, dtype: int64

Here are the top cuisines provided by restaurants in India. We see that majority of restaurants provide multiple cuisines. Number of cuisines served by Indian restaurants is visualized below.



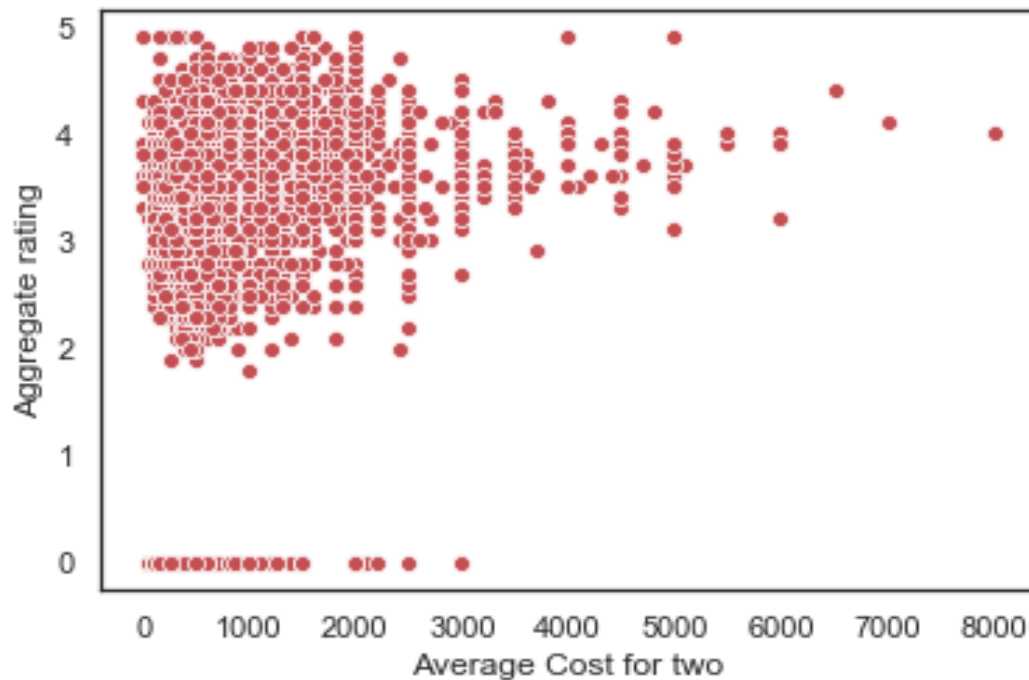
We see that majority of restaurants provide 2-3 cuisines. Some of them also provide 12 cuisines, personally that's too much.

Now lets see which cuisines are provided the most by restaurants.



North Indian cuisines are provided the most by restaurants. It is logical that people of North India would order North Indian food frequently compared to other cuisines.

Does aggregate rating of a restaurant affected by average price at which they provide food. Lets see a visualization to answer this question.



There is no relation between them as we see both good and bad restaurants at every cost range.

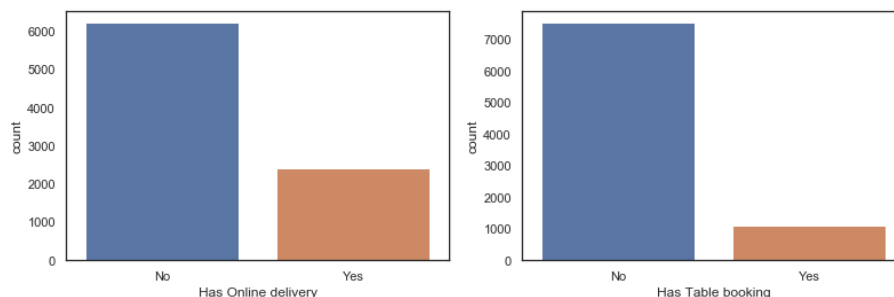
```
{'Toit': 10934.0,
'Hauz Khas Social': 7931.0,
'Peter Cat': 7574.0,
'Big Brewsky': 5705.0,
'The Black Pearl': 5385.0,
'BarBQ': 5288.0,
'Warehouse Cafe': 4914.0,
'Truffles': 4841.0,
'Mocambo': 4464.0,
'Gulati': 4373.0,
'Ricos': 4085.0,
'Joey's Pizza': 3903.5,
'Wenger's': 3591.0,
'Downtown - Diners & Living Beer Cafe': 3569.0,
'Glen's Bakehouse': 3533.0,
```

Given above are top 15 restaurants that have most reviews on Zomato (2017). Now does more votes means better restaurants, to answer this question we will see top rated restaurants on Zomato (2017).

```
{'Sagar Gaire Fast Food': 4.9,
 'CakeBee': 4.9,
 'Indian Accent - The Manor': 4.9,
 'Sheroes Hangout': 4.9,
 'Grandson of Tunday Kababi': 4.9,
 'Zolocrust - Hotel Clarks Amer': 4.9,
 'Caterspoint': 4.9,
 'Masala Library': 4.9,
 'The Great Indian Pub': 4.9,
 'Mirchi And Mime': 4.9,
 'AB's - Absolute Barbecues': 4.825,
 'Naturals Ice Cream': 4.8000000000000001,
 'Spice Kraft': 4.8,
 'Prankster': 4.8,
 'Coní_u': 4.8,
```

Here we have top 15 restaurants with highest ratings. We see that there is no common restaurants between most voted and most rated indicating that most voted dose not mean they are the best. Most voted restaurants are much famous as they have so many reviews and can be a better restaurant, however we cannot trust on highest rating as it might me highest rated but less people have rated it and that their rating will decrease as number of rating increase.

Now lets end with seeing number of restaurants providing home delivery and online booking in 2017.



In 2017 majority of restaurants did not provided home delivery or online booking, however times have changed and now mostly all of them provide delivery, some of them also provide free home delivery!

## ● Conclusion

1. The data set we used here was uploaded on kaggle. Link of the data set is :

<https://www.kaggle.com/shrutimehta/zomato-restaurants-data>

2. Python was programming language of used for EDA.
3. Matplotlib, Seaborn and pyplot was used for visualization.
4. Jupyter notebook for execution of code. Link for code is :  
[https://github.com/mayur0408/Zomato-Case-Study/blob/main/Zomato\\_Data\\_Analysis.ipynb](https://github.com/mayur0408/Zomato-Case-Study/blob/main/Zomato_Data_Analysis.ipynb)

- Ending notes

From a web archive with menus of some restaurants in 2008 to one of the most successful Indian start up with multiple revenue sources, Zomato's journey has been quite wonderful. It is expected that food delivery industries are going to get even better growth in the coming years. Zomato's has already performed much better in 2021 compared to 2020 with lower losses. With investors heavily investing during this covid season we see the confidence and belief investors have in Zomato and the bright features it holds!

## Reference

1. <https://techcrunch.com/2021/02/22/indian-food-delivery-startup-zomato-valued-at-5-4-billion-in-new-250-million-investment/>
2. <https://pitchbook.com/profiles/company/56174-23#overview>
3. <https://inc42.com/features/what-is-zomatos-business-model/#:~:text=To%20begin%20with%2C%20through%20its,delivery%20partner%20and%20the%20company.>
4. <https://www.kaggle.com/shrutimehta/zomato-restaurants-data>
5. <https://plotly.com/python/scatter-plots-on-maps/>
6. <https://jungleworks.com/zomato-business-model-explained/>