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THE **LOGISTICS GAME**

GLOBAL BUSINESS CASE STUDY COMPETITION

# PROBLEM STATEMENT

SHAHEED SUKHDEV  
COLLEGE OF BUSINESS STUDIES  
UNIVERSITY OF DELHI

SHAHEED SUKHDEV COLLEGE OF BUSINESS STUDIES

# Company Background

Tomato Ltd. is a Gurgaon based multinational restaurant aggregator and food delivery company. Tomato provides information, menus and user reviews of restaurants as well as food delivery options from partner restaurants as well as their cloud kitchens in 700+ cities across India. The company operates internationally in 100 cities across 19 countries including Turkey, Brazil, New Zealand and Indonesia.

The platform till date has onboarded 1.9 Lakh food delivery restaurants and built a fleet of about 3 Lakh delivery partners who are catering to the needs of 1.5 million monthly users. The company has an average order value of Rs.400 in tier 1 cities and Rs. 200 in other cities and an average delivery cost of Rs.45. The company earns revenue by charging 20-30% commission from restaurants on the orders received by them through Tomato's platform as well as by charging advertisement fees from restaurants to rank them higher on the app.

But recently, the company's rivals have introduced a 10 - Minute food delivery model which has created a buzz in the market and the rivals are already receiving a lot of traction due to that. Therefore, the company has also decided to enter in the 10 - minute delivery system and has curated a plan for the same. The company has assigned \$400m cash over the next two years for the project and is currently doing pilots as per the plan framed. The company currently uses "Finishing Stations" to fulfil its 10-minute delivery orders whereby the stations already contain half-cooked or fully cooked food and as soon as the order is received the food is prepared and packed within 2.5 minutes and the rest 7.5 minutes are allotted for delivery.

The delivery fleet due to traffic, rain, and roadblocks is often unable to deliver within the stipulated time frame and delivery personnel at times also meet with accidents because of the need to deliver in 10 minutes. Due to frequent accidents, many delivery personnel are under high pressure to deliver food and are discontent, thus opting out of their service. Due to late deliveries, many customers are demanding a refund for their orders. This has taken a toll on the expenses of the company and thus profits are declining.

Further, in the cloud kitchen and finishing centres of Tomato, there are instances when the raw materials required are not available as per the demand and thus sometimes lead to some orders not being accepted. Also, at times there is wastage of raw material due to its excellent availability at the finishing centres. Another issue that the company is facing is overcrowding of the delivery fleet at the finishing centres during the peak hours which not only leads to delays in deliveries and it happened once that a Vegetarian customer received a non-vegetarian dish which led to he posting this instance on social media. All these instances made the customers really unhappy and also damaged the PR of the company.

# Problem Statement

The company has started testing this model in some markets but it is facing some problems in implementing the model:

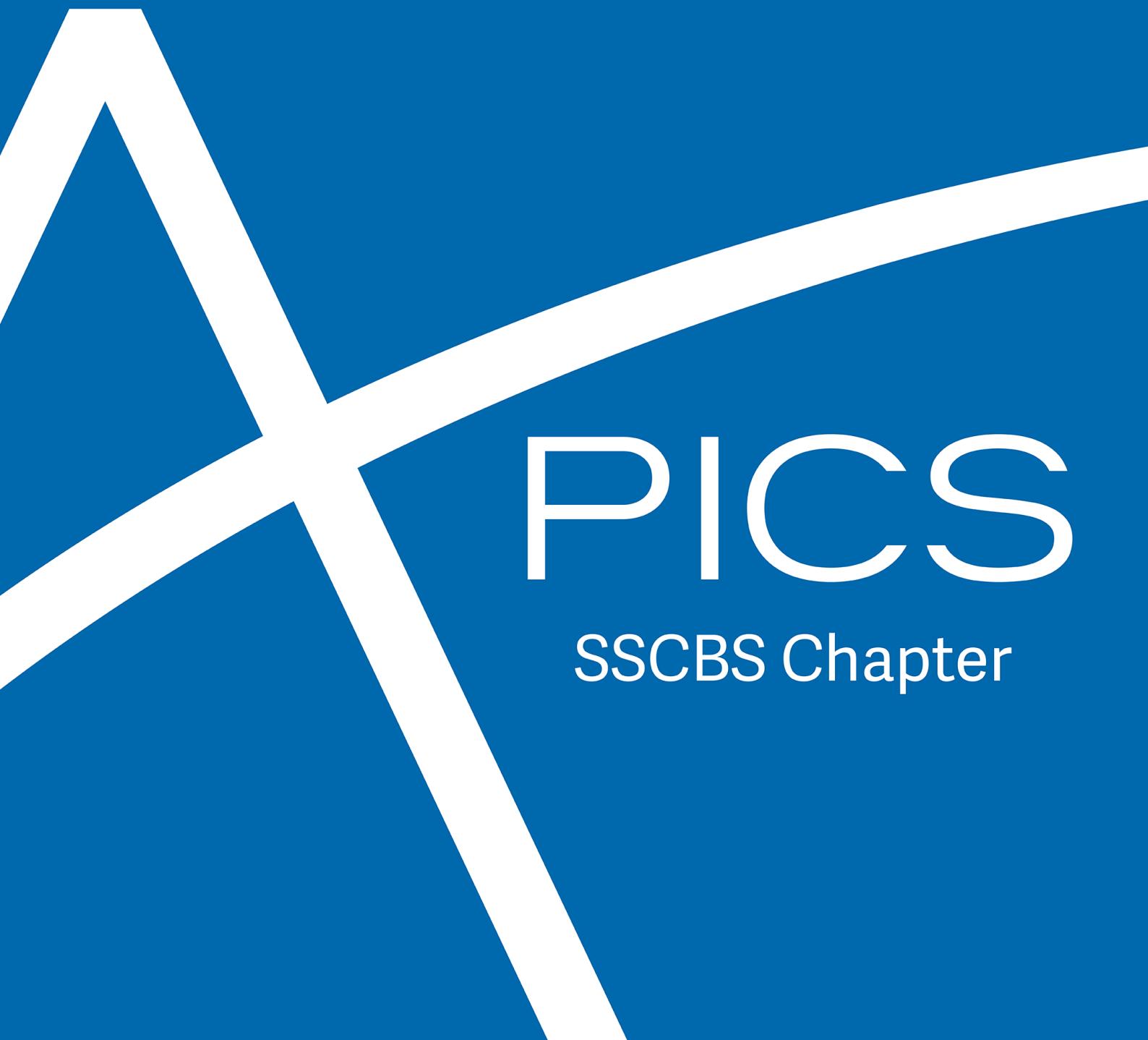
- Re-evaluate the supply chain model, as to whether there can be an innovative model to enhance the overall efficiency, overcome the existing logistics and supply chain-related issues and make it financially viable.
- Identify the possible reasons for the inappropriations of raw materials with the cloud kitchens and the finishing centres and provide a suggestive course of action to overcome these issues
- Finishing centres are typically the dark stores for the food delivery business where food is prepared and packed in ultra-short time duration and is sent for delivery as soon as possible. But the problem that the company currently faces is that these finishing centres are not possible everywhere, especially the areas with low demand, because that might be a wrong investment decision. But certain customers in those areas want to experience the rapid delivery experience. Therefore, the company has the dilemma of whether to expand in such cities or not. Additionally, finding a location perfectly in the centre of the city to meet the delivery time needs is a major challenge for the company.
- Devise an innovative and optimal PR strategy for the company to improve its reputation which has fallen down due to recent instances.
- Identify any other possible problems that the company is facing and suggest apt solutions to improve the overall profitability and efficiency in operations of the company.

The above mentioned concerns are causing a hit on the company's share price as well and therefore the company has hired you as a consultant. They want you to provide a way ahead and solutions to all the aforementioned problems.

# Instructions

**This document consists of one case study followed by a problem statement.**

- Teams can use real-world data to back up their analysis, provided that such data is from a reliable source. Please mention assumptions wherever required.
- Teams will be judged on the basis of innovation, logical reasoning, analytical skills and feasibility of solutions.
- Teams must upload their solution on the D2C Platform by 11:59 PM, 25th April 2022.
- Late submissions will not be accepted and the deadline shall not be extended under any circumstances.
- All solutions must be in PDF Format.
- The solution document and the subject of the mail must be in the following format:  
"Ascend\_Team Name"
- The solution must be a maximum of 8 slides (excluding the cover page and appendix if any).
- The decision of the organisers shall be final and binding on all participants.
- This case may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the organisers.



# PICS

## SSCBS Chapter