

# FUTURE OF FOOD DELIVERY IN INDIA

JULY 2022

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# Introduction

The core purpose of the food online ordering system is to deliver convenience. It is to provide the customers to order food regardless of the place or time. The ordering system for restaurants offers advantages to both customers and businesses. Having the right to choose from your favorite restaurants, customizing the dishes, easily re-ordering the same dishes are some of the core advantages of the food online ordering system.

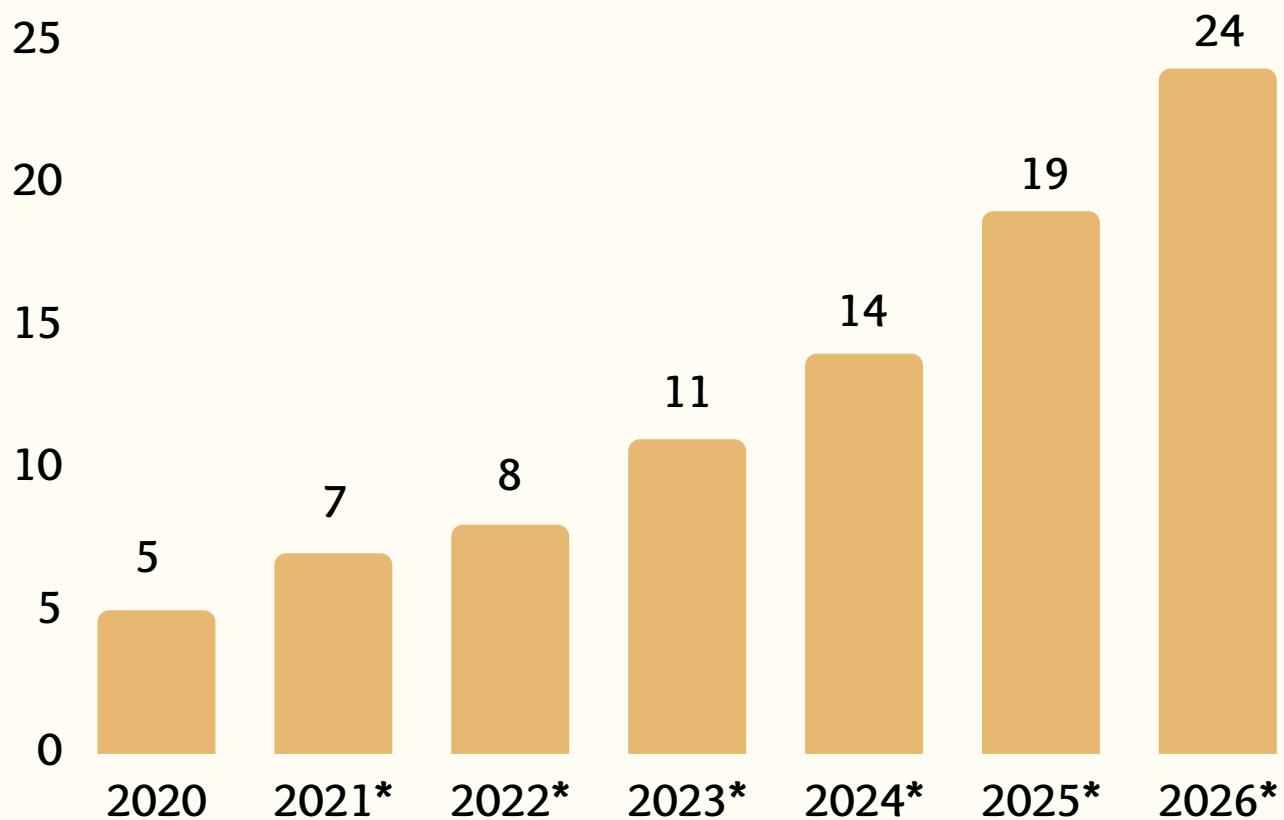


# WHAT THE MARKET LOOKS LIKE

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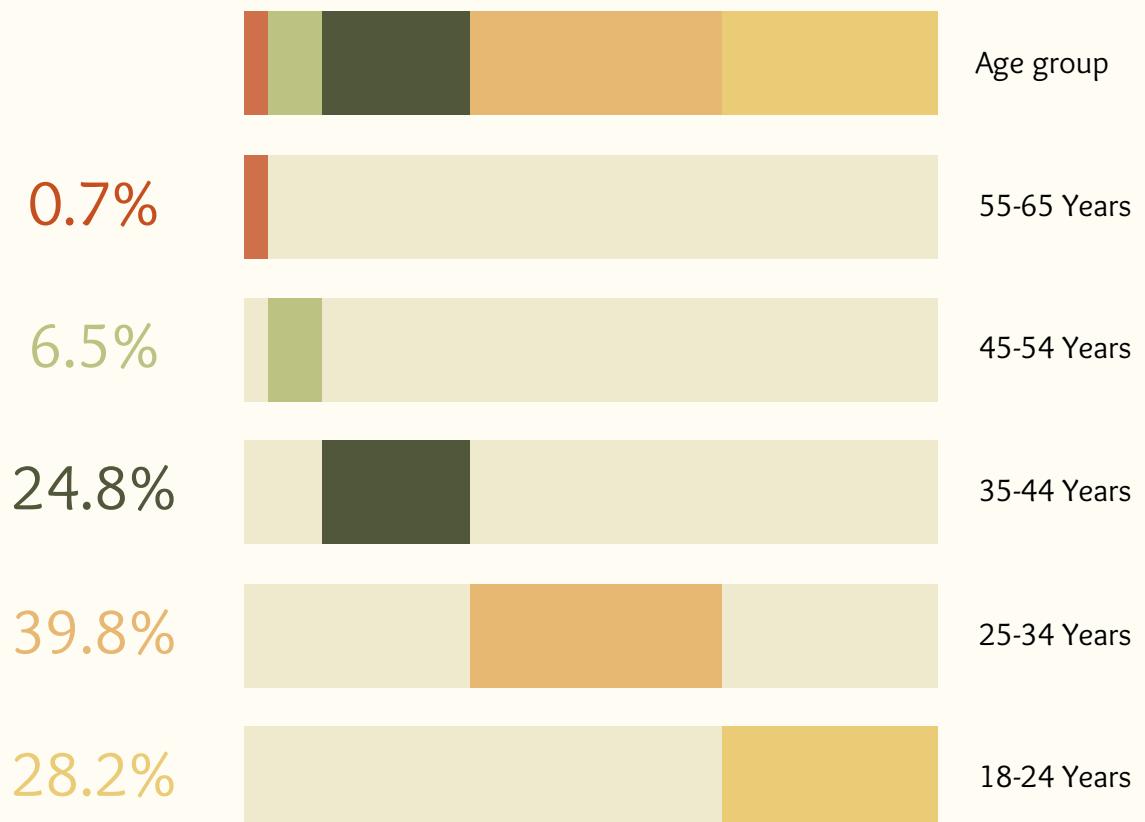
The global impact of the Covid-19 pandemic has accelerated the industry's hypergrowth, but this was made possible by the recent expansion of fleet types and delivery models such as same hour, same day and next day delivery, single and multi-fleet, In-house, and crowd-sourced fleets who seamlessly handle deliveries from stores, curb-side pickup, and so on. The food delivery market in India is fragmented and the vendors are deploying organic and inorganic growth strategies to compete in the market.

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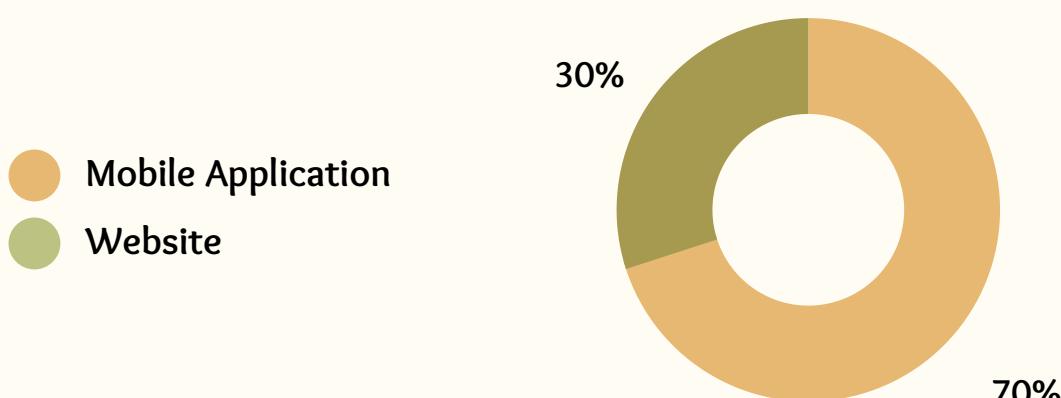
**India Online Food Delivery Market Size, 2022-2027 (in US\$ Billion) with a CAGR @ 30%**

## INDIA ONLINE FOOD DELIVERY MARKET SHARE, BY USER



The food delivery market growth in India by the online segment will be significant for revenue generation. With a large number of young people living across various cities, food delivery apps in India have become instantly popular among these users. The change in shopping preferences propels the sales of food deliveries through the online channel, contributing to the market growth.

## INDIA ONLINE FOOD DELIVERY MARKET SHARE, BY PLATFORM TYPE



# KEY PLAYERS

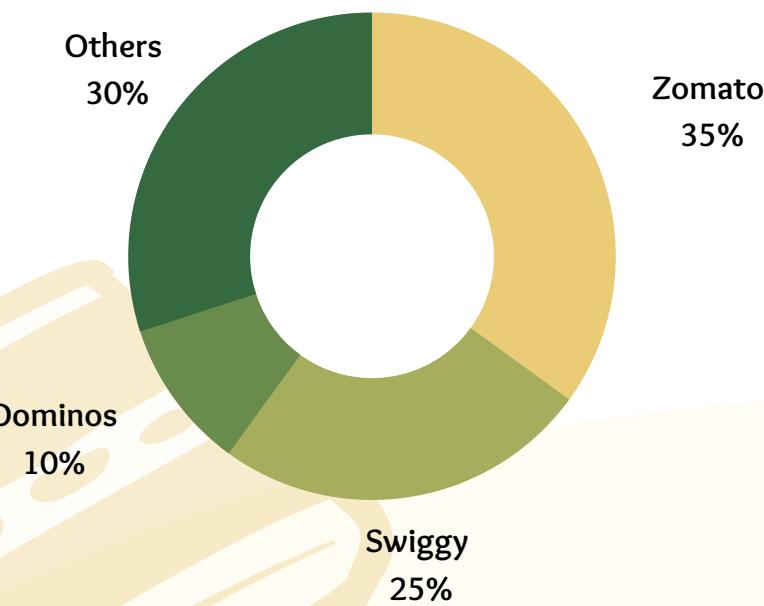
Swiggy's strategy is being the king of convenience. The company is looking for other things to be delivered to customers quickly and to offer convenience therefore they have expanded to grocery concierge services.



**zomato**

Zomato started out as a restaurant discovery platform, it wants to be a farm-to-fork company, with food delivery being a big part of its operations. It's also launched a B2B grocery service for restaurants to get them integrated into its network.

## HOW THESE COMPANIES WORK?



These businesses are very simple. There's a customer acquisition funnel; a certain percentage of them will be retained or reactivated monthly. The market has seen acquisition costs as low as ₹200 (\$2.50) and as high as ₹4,100 (\$52), with a large chunk of them in the 200-500 range. As the industry penetrates deeper, that number might increase, because while it's easier and cheaper to acquire the early adopters, the subsequent users will require more investment to convert.

# PRO'S AND CON'S OF ONLINE FOOD DELIVERY SYSTEM

## INCREASE VISIBILITY

With the online food delivery in place, restaurants can be available to the remote food-lovers by being visible with the restaurant menu and giving the option to deliver in their area.

## VARIETY OF FOOD

Customers can get the chance to explore the food from different places. Therefore, they will get the option to order the food from multiple restaurants. Apart from having different food items from various restaurants, they will also get a chance to explore different restaurant food within their location.

## MORE CUSTOMERS

83.72% of people in the world own smartphones. This shows the huge amount of people online. Consequently, owners can have an app or website, their business can have more exposure and reach countless people.

## DISGUISED INCREASED EXPENSE

Despite cashback and discounts, it is costing customers higher than the food which they can cook on their own or sometimes even at the restaurant. Heavy offers also have psychological impacts on customers mind and people ignore the heavy delivery or shipping charges.

## COMPROMISE WITH THE FOOD QUALITY

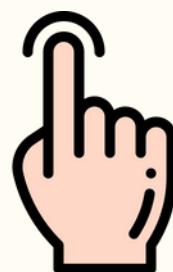
In comparison to eating out in a restaurant, the food from the delivery service is packed in plastic bags and may get cold if the distance of the restaurant is far from the delivery address. Rather in the restaurant, customers will get hot food directly placed on their table.

## LIMITED & IRREGULAR MENU

Often, customers don't get the food types they order from a restaurant. It is due to irregularities in the menu. The customers can move to another app or restaurant due to it. In addition, the limited items to order become a hurdle to order food because people can't find their favourite ones.

# WHAT DO CUSTOMERS FEEL

81% of consumers who order food via delivery apps say they do it for convenience. Another 14% said it was due to discounts provided by these apps, while 5% for better selection.



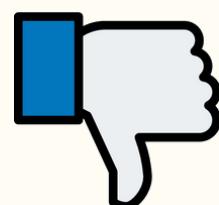
While food delivery apps have expanded in cities across India and brought thousands of restaurants online, their rapid growth has also raised concerns over food quality, hygiene and packaging.

Quality was the top concern for as many as 66% consumers ordering food through delivery, with another 22% saying it was timeliness of delivery and 12% voting for overcharging.



70% customers feel that the quality of food deteriorated due to packaging and transportation, while 30% felt that it was the same as eating at the restaurant.

Consumers also reported problems with billing and missing food items. Around 27% consumers found the packaging of the food to be unsatisfactory.

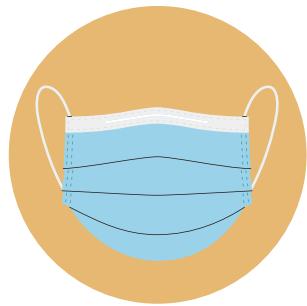


34% customers also feel that there were cases of a few items missing when their food was delivery. When it came to billing, 22% felt that they found it to be inaccurate.

# COVID-19 IMPACT.

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The nationwide lockdown induced by the COVID-19 pandemic initially caused some disruptions in the growth of the online food delivery market. However, it bounced back, owing to people's inclination toward takeaways over dine-outs in order to comply with social distancing norms.



Although the number of online orders went up in the year 2021, sales declined in the second quarter due to the second wave. In April, overall online food delivery sales dropped by almost 40% this was because of apprehension toward food from outside.

However, the pandemic has also resulted in the onboarding of new customers. Due to social distancing norms, there has been an aggressive shift toward delivery-oriented infrastructure as customers preferred ordering food at home over dining out.



# DRIVERS OF HOME DELIVERY SERVICE IN INDIA

'Gen Z' (born between 1997-2012) are the most active users due to the widespread use of smartphones and the Internet, and tendency to seek out quick and clever solutions that save time and provide comfort.

Gen Z spends the bulk of their income on online meal ordering, compared to previous generations, because they enjoy trying new cuisines. They prefer to purchase food online rather than cook due to their hectic schedules and fast-paced lifestyles.

Pre-prepared fresh meals, menu kits with raw ingredients, and other home food kits help the customers to save time and draw out top lined up restaurants for the Millennials who value convenience over even taste.

With online orders growing at a faster rate than ever before, food businesses have an opportunity to boost profit margins and expand their customer base. The challenge will be to strike a balance between customer demand for fast and convenient delivery and the logistical complexity and costs necessary to meet these.

# KEY TRENDS OF THE FOOD DELIVERY INDUSTRY

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## NEW CHANNELS TO PLACE ORDERS

### Via Tweet

Domino's, a well-known pizza delivery company, has taken to Twitter, allowing consumers to place orders by Tweeting a pizza emoji. On the company's online delivery service, customers must create a "pizza profile" and place an order. To continue, users must link their accounts to their pizza profiles.



### Via Smartwatch

Smartwatches have been released by Apple and Samsung, who have taken a technology-driven approach and make sure to introduce and align the products with the future trends of the foodservice industry. Customers can also use their smartwatches to place orders at Domino. It streamlines the ordering process and allows consumers to easily place orders via wearable devices.



## BIG DATA

Big Data information aids business owners in determining user moods, delivery times, targeted offers, and much more. Food delivery business owners can use the Big Data to examine a variety of data, including: road traffic notifications in real-time, history of previous orders and on social media sites customers can leave a review

Food delivery companies can use Big Data technologies to precisely anticipate the foregoing data and respond to client queries quickly if they emerge.

## LOOKING OUT FOR NEW NICHES

Many food delivery firms have narrowed their attention to a certain area. We've already seen vegan-friendly meal delivery systems and businesses that specialize in burger boxes, farm-to-table cuisine, and healthy smoothies. Food delivery firms can benefit from being in a specialty by overcoming entry obstacles and combating fierce competition.

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## DIVERSE DELIVERY OPTIONS

### Via Robots

The advancement of AI and machine learning technology is allowing food delivery companies to use smart robots to fulfill orders and explore the opportunities for the future trends of the foodservice industry. Startups such as Yelp and Marble have developed specialized delivery robots with enhanced cameras and 3D maps to aid in route planning. Overall, delivery time and cost are reduced.



### Via Drones

Zomato has tested its unique drone delivery technology, which cuts delivery time. Drone delivery is mostly utilized to avoid congested areas in cities. Drone delivery ensures on-time delivery while also lowering operating costs.

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## VIRTUAL KITCHEN APPLICATION

UberEats has created the concept of a virtual kitchen, in which the platform includes new restaurants and meals available only through their app. This assists restaurants in avoiding the expensive expenditures of creating a new physical location by allowing them to use their kitchen space to produce more meals.



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## CONTACT US

Website: [www.marcglocal.com](http://www.marcglocal.com)

Email: [contact@marcglocal.com](mailto:contact@marcglocal.com)

Contact us: +91 8326631761