

ZOMATO

Never have a bad meal

Indians love their food. They live to eat. But it is the food-tech unicorn Zomato that revolutionized the way Indians perceived their food. Bringing food to the doorsteps, easing out 'where to dine' worries with the bonus of superb discounts and excellent 'Live' tracking features, Zomato turned the food into a business, a profitable one at that.

Competition Analysis

As the barriers to entry are fairly low due to the unsophisticated business model, the incumbents constantly face the threat of new competitors in the market which in turn puts pressure on the already wafer thin margins. The main competitors for Zomato are as follows:

- **Swiggy**

Swiggy is a company that offers an on-demand food delivery platform designed to provide food from neighborhood restaurants to customers.

- **Valuation:** \$4.9 billion
- **Revenue:** ₹4.4 billion
- **Net income:** ₹4 billion
- **Active Cities:** 520
- **Monthly Orders:** 21 million
- **Total funding raised:** \$2.4 billion

- **FoodPanda**

FoodPanda is an online food delivery portal that enables its customers to order food from restaurants and get it delivered to their homes.

- **Valuation:** \$4 Billion
- **Revenue:** 267 Cr
- **Net income:** 82 Cr
- **Active Cities:** 200
- **Monthly Orders:** 2 million
- **Total funding raised:** \$218 million

- **Uber Eats**

Uber Eats is a company operating a food delivery platform.

- **Valuation:** \$350 million
- **Revenue:** 251 Cr
- **Net income:** \$4.8 billion
- **Active Cities:** 6000
- **Monthly Orders:** 2 million
- **Total funding raised:** \$218 million

SWOT Analysis

Strengths:

- Users perceive Zomato as a 'Specialty product' (Focused only on foods & restaurants)
- High awareness – Top of the mind product
- Global presence – 25 countries – 1.5 million listed restaurants
- Superior technology and a strong workforce of over 1200 people
- Asset less business model
- High financial leverage due to its business model
- Simple & user-friendly interface
- Aggressive and Innovative marketing strategy
- Strong brand recognition and has won several accolades & awards

Weaknesses:

- Competition from search engines & other similar apps means limited growth
- Drastic growth means susceptibility to bad content

Opportunities:

- Opportunity to expand to furthermore countries
- Increasing internet penetration & number of smartphone users
- Rapid technology development

Threats:

- Intense competition.
- Lack of clear rules and regulations - Changes in government policy can easily affect the business model.
- The business model can be easily imitated by other players.

Business Model

| Key Partners | Key Activities | Value Propositions | Customer Relationships | Customer Segments |
|-----------------------|--|--|------------------------------------|---|
| Restaurant Owners | Partnership with retailers & restaurants | Smooth food delivery with an updated cancellation policy. | Excellent customer service | Users can find new restaurants with an extensive range of new dishes. |
| Retail Grocery Stores | Managing and hiring delivery providers | Smooth & secure online payment system | An active presence on social media | Best for people who want to order food online and prefer doorstep delivery. |
| Delivery Providers | Collect data of users for smooth delivery and payments | No minimum order restriction | In-app chat feature | |
| | | Multiple Payment Options | | |
| | Key Resources | Bridging the gap between customers and restaurants through a digital platform. | Channels | |
| | The large volume of restaurant data | | Android & IOS mobile app | |
| | Delivery providers & suppliers data | | Website | |
| | Active presence across 7 countries | | | |
| | Modern technology stack | | | |

Key Partners

Uber Taxi

- Zomato has tied up with Uber taxi if any customer wants to book a ride to the restaurant to dine out.
- It means users no longer need to access two apps; they can book a cab and find nearby restaurants altogether.

Other Business Partners: Built an alliance with electronic payment companies like Visa and PayPal. They also have tie-ups with multiple restaurants and retailers.

Key Activities

- **Manage Network Effects:** Zomato provides a local restaurant search service to the users, currently operating in 24 countries. It provides details and reviews of restaurants. The information includes data about the food items, contact info, and the address of the restaurants.
- **Manage and Utilize Advertising:** Zomato has an enormous user database that it uses for advertisement. The company makes the most of its solid presence and brand popularity by posting advertisements for various restaurants, generating a considerable amount of revenue.
- **Drive Customer Experience Initiatives:** Zomato initiates a lot of activities to improve its customer's experience and keep updating its features as per the trends.
- **Enhancing Brand Image:** Zomato maintains its brand image by providing a sense of community for foodies and facilitating people with the exact information about "What to Eat and Where to Eat."

Key Resources

- **High-Quality Database:** Massive Database of restaurants and businesses
- **Employees:** Working diligently to extend its outreach, apart from the current 24 countries.
- **A community of content contributors or reviewers**
- **Zomato brand reputation**
- **Funding Partners:** Zomato was able to raise millions through funding channels. Top investors include Ant Financial, Sequoia Capital, Temasek Holdings, Info Edge, and Vy Capital.

Value Propositions

Zomato is an ultimate online platform that enables users to order food online from an extensive range of options nearby their vicinity. Moreover, if they are new to the food market and want to make an online presence strong, Zomato allows them to promote their food business. Hence, we can say that Zomao fills the gap between restaurant owners and consumers.

Customer Relationships

- Zomato provides membership and loyalty programs to build a loyal customer base. For example, Zomato Gold membership and Piggy Bank loyalty program ensures that customers get additional value for their money.

Channels

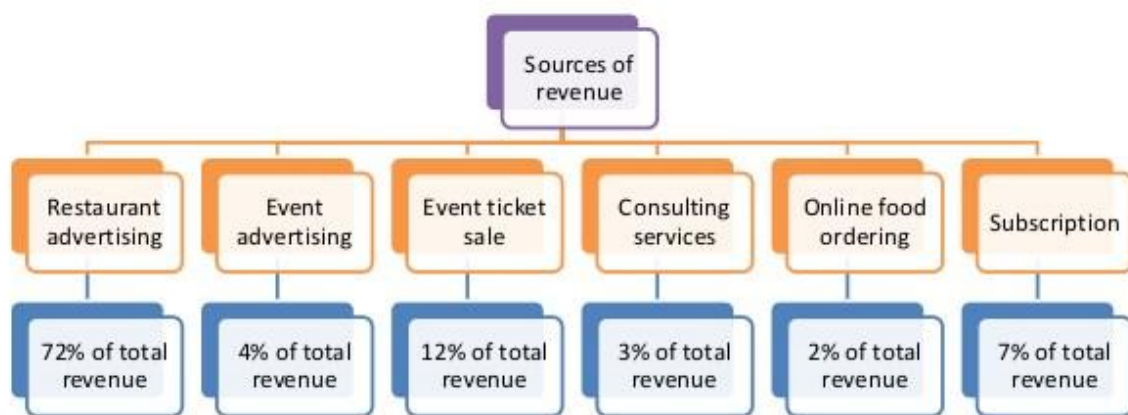
- Application (smartphone or tablet)
- Zomato Official Website
- Food Porn (Zomato has also created a site specifically for the food porn industry, providing an exclusive photo of exotic foods from around the world)

Customer Segments

- **Users:** An online platform designed for users to find nearby restaurants and perfect for those people who prefer doorstep delivery.
- **Local Restaurants:** Zomato platform is significant for restaurant owners who want to promote their business in order to grab the target user's attention.
- **Delivery Providers:** By offering part-time/ full-time services, they can generate a decent revenue source income.

Revenue Model

| Revenue Streams |
|--------------------------|
| From delivery charges |
| Sponsored advertisements |
| Consultation services |
| Events ticket selling |
| Commission |



- **Zomato Advertisements**

Advertisements are one of the trusted and main sources of income for Zomato as it offers advertising policy to restaurants who want to maximize their profits and customer base. It generates more than 70% of its revenue through this channel. It allows restaurant owners to put their banners on their sites to increase visibility.

- **Zomato Subscription**

With the help of advanced tools and software, Zomato can predict users' behavior like what they are searching for, what they are not searching for, which dish is trending, which food is in more demand, etc. Restaurant owners need to pay a certain amount to Zomato in exchange for this information. Based on that, they can improve their services and meet customer's expectations.

- **Zomato Food Delivery Services**

Zomato charges a 20-25% commission from the particular restaurant for each order placed. In some regions, the commission rate may vary from 5-7%.

- **Zomato Event Organization**

In collaboration with certain restaurants, Zomato hosts multiple events such as Christmas Eve, New year's Eve, or any other event to boost sales. People have to purchase tickets who want to attend these events.

- **Zomato Kitchens (Cloud Data)**

Zomato owns and operates cloud kitchens with minimal investment. Zomato works with select restaurant operators, thereby aiding in expanding their business to more locations at a minimal fixed cost, but with increased options for the user. Zomato is renewing focus on their cloud kitchen strategies as restaurants start to open amid the covid-19 pandemic.

Many restaurants are also exploring expansion through cloud kitchens with the dine-in business capped at 50% seating capacity and expect online orders to see a surge as consumers remain wary of stepping out.

- **Business Consultancy Service**

Zomato also provides business consultancy and data analytics services to their clients. It has An enormous amount of database and amazing data analysis and business intelligence tools. Zomato knows the preference of food in specific territories, based on what customers are ordering through their database. If anyone wants to start a restaurant in that area, then the investor can approach Zomato for assistance.

The newcomer in the market gets to know about consumer preference, wants, desires through Zomato since it has a huge array of data. In turn, Zomato charges a fee for consultancy services.

Marketing Strategies

Target Audience

Zomato's target audience includes people between 18 to 35 years of age who have access to smartphones and are comfortable using apps. It targets two kinds of customers: The first group includes people who want to order their food home and the second group includes people who prefer to dine out. In a lot of cases, these groups overlap. It offers food delivery to those who need it delivered as well as gives incentives to people to dine out through its Zomato Gold program.

Working professionals who need food in their offices, students who need food in their hostels, people who do not have time or space to cook for themselves, and people who occasionally like to eat outside food- all form a part of Zomato's target audience.

Search Engine Optimisation

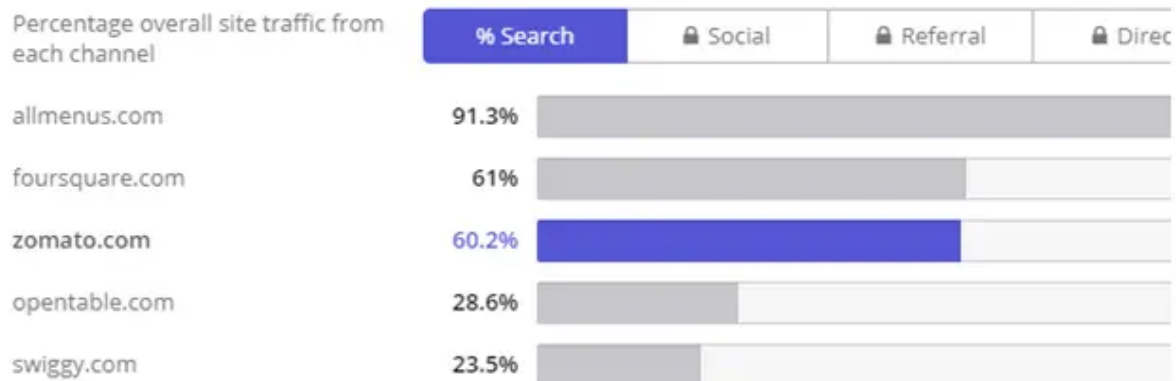
Zomato takes the top keywords in their niche and creates web page URLs for them. This tells the search engine that their pages are relevant to the search query of the user. This is a very good strategy to ensure that your website ranks.

While real restaurants like Dominoes and Pizza Hut are making for less than one percent of search traffic, Zomato alone makes for more than forty percent of voice traffic and almost two percent of top keyword traffic.

| TOP KEYWORDS BY TRAFFIC ? | Search Traffic ? | Share of Voice ? |
|---------------------------|------------------|------------------|
| zomato | 2.11% | 41.92% |
| pizza hut | 0.27% | 1.02% |
| dominos | 0.21% | 1.32% |
| restaurants near me | 0.21% | 1.63% |
| zomato gold | 0.17% | 55.03% |

Traffic Sources

Percentage overall site traffic from each channel



Keywords On The Page:

Keywords that include food names, restaurant names, and phrases like “order food online in Mumbai” tell the search engines that these pages have the content related to these search queries.

Social Media Marketing

- Twitter: 1.4M followers
- Facebook: 1.9M followers
- Instagram: 481 K followers

- **Trendy:** Zomato engages with the audience by posting on trendy topics. The brand understands the audience's nature. Hence, it promotes content that makes users share it, comment on it and view it again and again. It utilizes trendy topics and posts simple images in order to interact with viewers online.
- The social media strategy for Zomato has been quite simple. Be crazy and be creative. Cash in on the trends. Play with memes, talk in the regional language, and never lose the 'friendly' touch with your customers.

Data Analysis & Management - SMM

The company also admits experimenting with Sprout social as it lets multiple users handle one social media account and handle email and in-app chat queries in a better manner. The follow-up tasks can be assigned rather quickly and seamlessly.

Monitoring the performance and listening in on social media also becomes easier than ever. The metrics used by Sprout social are also quite useful for performance analysis as well.

The brand emphasizes engaging with customers and does a pretty good job at it too.

Paid Advertising

Zomato runs Search Ad Campaigns using Google Adwords. It targets keywords related to food, ordering online, names of restaurants, and much more. It targets users whose intent is to get some food delivered to them.

It also runs Google Display ads to target users on third-party websites and apps.

Zomato's marketing strategy during Covid-19

Zomato, with its vast delivery network and logistical resources, is in a perfect position to make a real difference during this crisis and this is exactly what they've done. From delivering food to delivering groceries, they've made a real difference during these tough times. Here's what they did:

- **For daily wage earners**

The food delivery giant set up a fund - Feed the Daily Wager- to provide relief to the families of daily wage earners who are stuck indoors during these times and are unable to generate any income. They have already collected over 28.13 Cr out of their 50 Cr goal. With the money they collect, they distribute meal kits to families which can support up to 5 people for a week. They've partnered with a network of NGOs and other organizations in order to ensure that the food reaches the right people.

- **For the Zomato community**

Zomato has liaised 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 contactless delivery where their delivery partners have been trained to leave packages outside their homes. Cash on delivery has been discontinued to minimize contact as well.

Conclusion

In the past few years, Zomato has shifted its focus to being a transactional company instead of relying a hundred percent on its advertising revenue. The company is trying to balance both features the delivery and the dine out which has generated a revenue of \$2M in the sustainability department.

Zomato recently published Mid-COVID Report for India. In their report, they shared this finding that the Food delivery sector has recovered with some regional flavors to it and in fact, grown beyond pre-COVID levels in myriads of large pockets of the country, with some affluent residential areas being the forerunners in this recovery. Due to the advent of lockdown and everything moving back at the home trend, many premium restaurants are being receptive to the idea of online delivery, and that is attracting a lot of affluent customers. In fact, during the lockdown, it was observed that customers started to rely more on online deliveries. As people are indulging in taking up more quality time with their families and loved ones, group ordering is becoming a frequent reality.

Top-notch database, dedicated employees, talented community of content contributors and reviewers, the aura of the Zomato brand, and a huge pipeline of funding partners including famous investors like Ant Financial, Sequoia Capital, Info Edge, etc; these are the key resources that enable Zomato to stand tall in the food industry.

Recommended Strategy

Considering the prevailing pandemic, people are reluctant to go to restaurants. Lockdowns are also being executed. Considering this and taking online marketing as the major tool to reach customers, the biggest learnings and recommendations I suggest for Zomato's strategy are as follows:

- Simple, yet powerful messaging works. Humour is a great tool - one must leverage it whenever possible.
- Powerful visuals and bold colors are great for standing out - whether it is on a billboard in a crowded crossing or online.
- Sticking to brand identity and colors are really important - even without being told that Zomato is behind a certain ad/billboard we just know it's Zomato because of consistency.
- Adding value - Zomato's offers are always ones that are different, yet aimed at bridging some sort of gap in the market. You can tell that a lot of thought has been put into the offers.
- Creating a community is of utmost importance. This is at the core of Zomato's business strategy and you can see that this is definitely something they keep in mind during their marketing meetings. A good example of the fact that they support an entire ecosystem is their approach to tackling Coronavirus in India.