

A Survey Depicting the Impact on the Sales of Food Chains/Restaurants with the Introduction of Food Delivery Apps During COVID-19

Submitted by:

Aashriiti Jain

SVKM's USHA PRAVIN GANDHI COLLEGE OF ARTS, SCIENCE AND COMMERCE

Abstract

The restaurant industry has undergone a full transition as a result of technical advances. It has increased the use of online food delivery systems by allowing us to order food from the convenience of our own homes, compare costs, and access these services more easily. This online food ordering systems are expanding our ability to select meals from a wide range of restaurants with only a quick tap of our smartphones. From this survey we would be able to understand the pros of integrating food chains with online food delivery apps, the impact on the sales of food chains after tying up with these apps and impact of Covid on food delivery.

1. Introduction

The covid -19 pandemic has compelled people to accept the new normal. The new normal being a smaller number of gatherings and maintaining a social distance. Wearing masks all the time and sanitizing your hands every now and then. People cannot move out freely as they would but only step out for essential work. Life has taken a turn and people will have to adhere with these norms for the rest of their lives.

The word dining out has been replaced by dining in, retail shopping has been taken over by the online stores and people no longer step out to even buy groceries. The Non-contact delivery solutions has made people trust the safety of food aggregators. The concept of food delivery apps was only possible with the advent of technology. Now we can all order food through the comfort of our homes from our favourite restaurants. Ordering food from out is just one click away by logging in the apps like Zomato and Swiggy.

The distance of your favourite restaurant doesn't matter any more because the food delivery apps have got all this covered. As stated by FORBES India the food delivery sector saw an extend in the revenue from approximately \$107 billion to \$111 billion in the last two years. Reports say that the use of food delivery apps will show a continuous rise in the upcoming years. With the extensive research done for this research paper stats show that restaurants that have tied up with food delivery apps have seen an increase in sales more so after the pandemic. The discounts and offers provided by the food delivery apps have made it pocket friendly for people to order on everyday basis. These apps provide not only fast food but also healthier food options for the fitness enthusiasts with schemes like invite your friends, the one who recommends gets an additional 20% cashback on his next order.

These apps are increasingly becoming famous in the urban areas and also help to control the unemployment problem by giving employment to young graduates by providing a steady income.

The tracking system of these apps are very efficient and customer friendly. Customers are able to track the processing, the pickup and drop time along with the name of the delivery person. In case the order doesn't reach to the preferred destination you can avail a refund through UPI payments.

If a business exists it is bound to have competition. In this case Swiggy being the most popular, faces competition with Zomato and Food Panda. Swiggy has come up with Swiggy Genie that helps you get deliveries from nearby groceries and *kirana* stores making it more famous than the other food delivering apps.

With a fast-paced world, people have no time to cook home-made food thus making them accustomed to using these apps. These apps provide variety of choices to suit the taste buds of each family member with one click. Hosting big family parties has now become stress free as people can order in through these apps.

2. Research Methodology

2.1. Research Motive

This research paper aims to highlight the success or failure of sales of the food chains by tying up with food aggregators mentioned above. An extensive research has been conducted through offline means such as interviews with the owners/managers of the restaurants and online means such as google form survey.

2.2. Problem Statement

This paper aims to study the impact on sales of restaurants by tying up with food delivery apps to target more customers.

2.3. Research Objectives

The objectives of the paper are stated as followed:

1. To study the impact of COVID-19 on the sale of food chains.
2. Impact of food aggregators on delivery of food.
3. Impact of food delivery apps in increasing the target audience.

3. Literature Review

According to 'N. Thamaraiselvan, G. R. Jayadevan and K. S. Chandrasekar' the traditional mode of food distribution, in which consumers order food online from restaurant or fast-food chain websites, has been replaced by the idea of an "aggregator business model." In their research paper they saw that despite increasing travel and vehicle maintenance costs, these food delivery companies made up to 30% profit margins. Indian customers are used to a convenient and transparent online shopping through digital applications and e-commerce websites, and they demand the same when it comes to online food ordering. Lifestyle shifts, especially in urban India, such as dual-income households, a lack of quality time to spend with family members, and evolving food habits, have all resulted in an increase in demand for quick access to food, particularly cooked food, at affordable prices. These major players recently teamed up with online food delivery service, expecting the number of orders to double in the coming years. (N. Thamaraiselvan, 2019)

The most important element that will still need to contact the norm of enhancing online food ordering, according to 'Dr. Mitali Gupta,' is the only one that has to maintain the buyer as a loyal user, in the sense of maintaining good quality and quantity of food, holding time, and delivery as soon as possible. According to Gloria Food, the advantages of online shopping and the reasons for the popularity of the food ordering app industry are ease, an easier menu to navigate, substantial savings, and no hassles. Thanks to the food ordering software's real-time GPS tracking systems, customers can track down the delivery boy delivering their food, and delivery boys can track down the exact address of the customers. Customers' comfort is the primary benefit of such systems, but they are also beneficial for the expansion of the restaurant and food supply industries, as using a digital food ordering system allows a restaurant owner to attract customers' attention by allowing them to see the whole food menu along with dish name, image, specialty, and price. (Gupta, 2019)

'Dr.S.C.B. Samuel Anbu Selvan, Susan Anita Andrew' discussed about the Present Online Food Ordering scenario in their paper. They predicted that the Indian food technology industry will develop. Because of the introduction of emerging technologies, reshaping of the service industry, and increased use of technology by service providers, consumers are becoming accustomed to shopping and purchasing online through Apps or websites. Another explanation for the failure of many online food distribution start-ups is the lack of funding. According to a recent survey, more than 80% of food orders derive not only from India's top five metropolitan areas, but also from online food distribution systems. Food brands around the world are also improving their links with food. Furthermore, online food ordering services like Zomato and delivery service providers are continually up against Swiggy. Furthermore, the home cooked food model is a market that has yet to be explored; research should be undertaken in this model because it is a challenging market to crack, and therefore Food Stack food delivery service has strong potential as creativity can push this brand-new idea in the food delivery industry in a new direction. (Dr.S.C.B.SAMUEL ANBU SELVAN, 2019)

According to *'Shantashree Das and Debomalya Ghose'* with rapid urbanisation and an endless migration of people from surrounding areas to cities, the restaurant segment and the food distribution industry have shifted drastically in recent years. With the the number of smartphones and food delivery applications, ordering a meal from outside and consuming it at home has become a tradition. And because of the increased demand for online orders made by third-party suppliers, walk-in consumers are increasingly becoming frustrated with the delay in delivering food, as these orders have a very limited delivery period for food to be processed and delivered to their destination. When food is not shipped on schedule, consumers often cancel their orders, resulting in food waste. Apart from that the aim of this research paper was to show how the use of online food delivery apps would benefit the restaurant industry. The paper further illustrates the inventory control techniques used by restaurants. (Shantashree Das, 2019)

According to *'Charlene Li, Miranda Miroso and Phil Bremer'* The rise of e-exponential commerce has given rise to a slew of new business models, including B2B, C2C, B2C, and O2O. Customer's place orders for goods or services online and pick them up at a designated location under the O2O marketing plan, which is based on information and communications technology. One of the key causes of the O2O commerce boom has been the explosion of smartphones and tablets, as well as the development of infrastructure to enable payment and delivery. Since China's online FD industry is the most advanced, and as a result, China's online FD has received the most scholarly attention to date, we decided to include papers in both Chinese and English in our study. As the online FD industry increased in popularity, conventional restaurants with a physical storefront saw a decline in in-store dining and foot traffic as more and more people ordered food online and consumed it away from the restaurant, either at home or at work. They concluded that higher commission prices may cause restaurants to look for other online FD platform vendors, which may be difficult to find in markets where online FD platforms have a virtual monopoly, or restaurants may choose to forego online FD altogether. There have also been claims that online FD sites place unfair fees on small restaurants, such as making them or their delivery people accountable for refunds for delivery delays where they were not at fault. (Charlene Li, 2020)

4. Research Design

4.1. Nature of Study

This study is based on interviews, surveys, online articles, and research papers on the impact of food delivery apps on the sale of restaurants. The study takes into account the performance of food aggregators during COVID-19.

4.2. Scope of Study

The scope of the research is based on a survey of employees and owners of restaurants. The study is derived after understanding the point of view of employees and owners on the impact of joining hands with food aggregators.

4.3. Collection of Data and Sample Size

In this study, both primary, as well as secondary data, were considered. The primary data has a Sample Size of 9 respondents from the food manufacturing units, which has been collected through a questionnaire. The respondents include both men and women of different age groups. The restaurants are located in different parts of Mumbai. This study also includes Secondary data which has been taken from various research papers and articles.

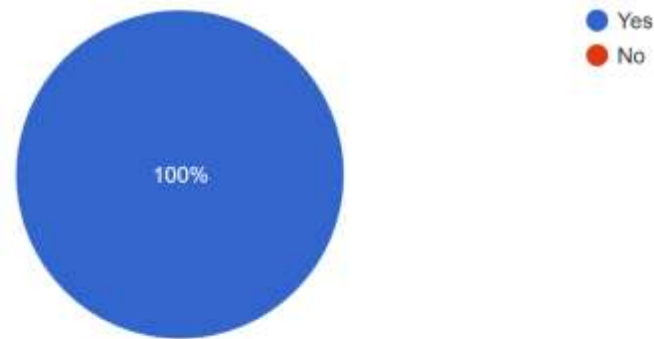
5. Data Analysis

Based on Primary Data collected through responses in google forms.

The following diagrams and graphs show whether the aggregators benefited the selected restaurants or not.

Q3. Does your restaurant use food delivery apps to receive orders?

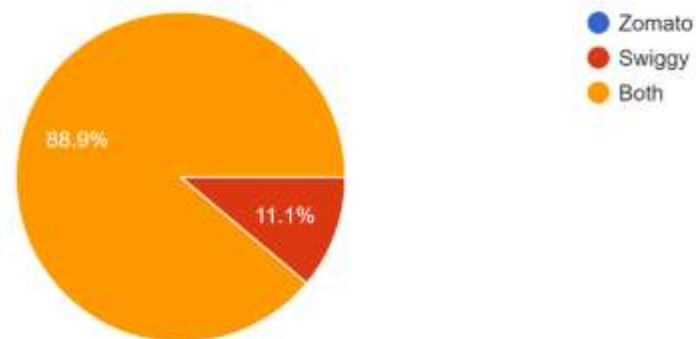
9 responses



The survey states that all the 9 responders used the food delivery apps to deliver food to their customers. Thus, it shows a 100% highlighted in blue in the graph above.

Q4. Which food aggregator have you tied up with?

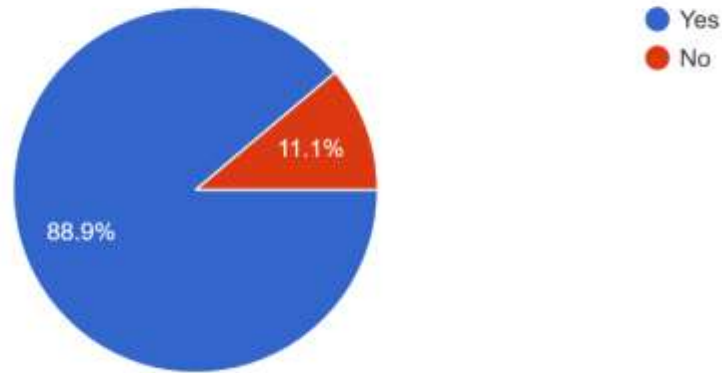
9 responses



The graph states that 11.1% out of the total percentage which is highlighted in red above prefer Swiggy over Zomato. Rest 88.9% highlighted in yellow above have tied up with both the aggregators.

Q5. Are you comfortable working with these food delivery apps?

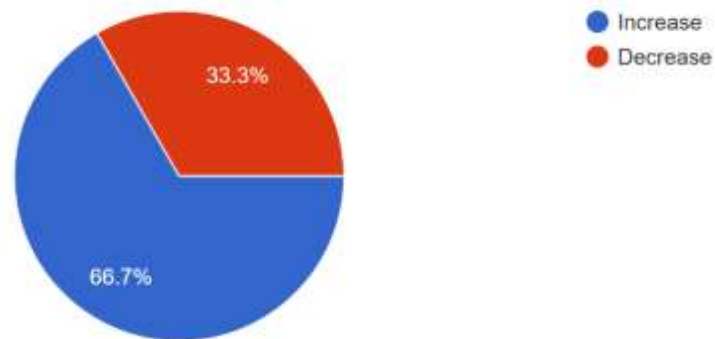
9 responses



The graph states that majority that is 88.9% are comfortable working with the food aggregators and the rest 11.1% are not as comfortable.

Q6. After the introduction of the food delivery apps what was its impact on the inhouse sales?

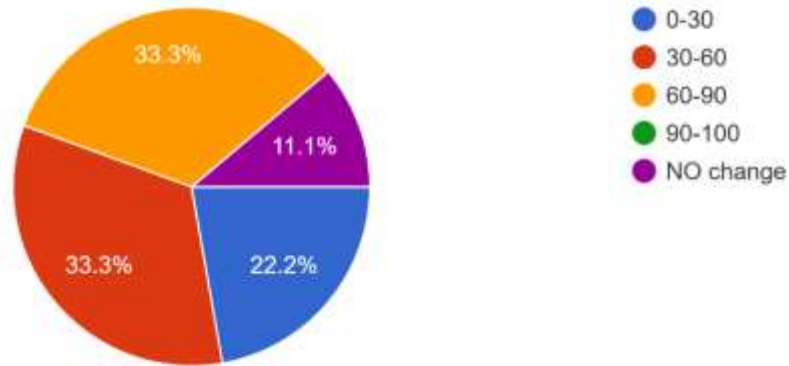
9 responses



2/3 of the total responses believes the introduction of the food delivery apps helped increase their inhouse sales. And on the other hand, the remaining 1/3 felt otherwise that the introduction of these food delivery apps lead to a downfall i.e., a decrease in their inhouse sales.

Q7. What is the percentage increase in sales?

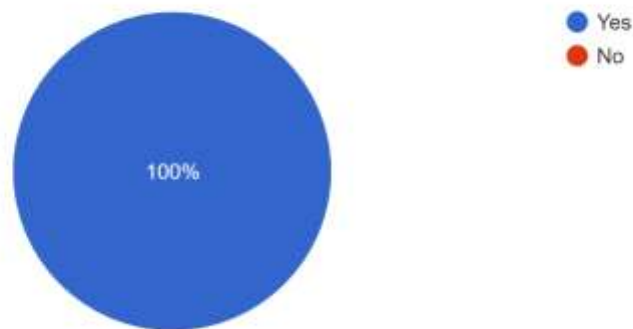
9 responses



The graph depicts that 33.3% highlighted in red and yellow above show that they have seen a rise in sale from 30-60% and 60-90% respectively. 22.2% depicted in blue above show that there is an increase in sale in between 0-30%. Whereas only 11.1% depicted in violet above say that there was no change in their percentage of sales

Q8. Were these food delivery apps a boon during COVID?

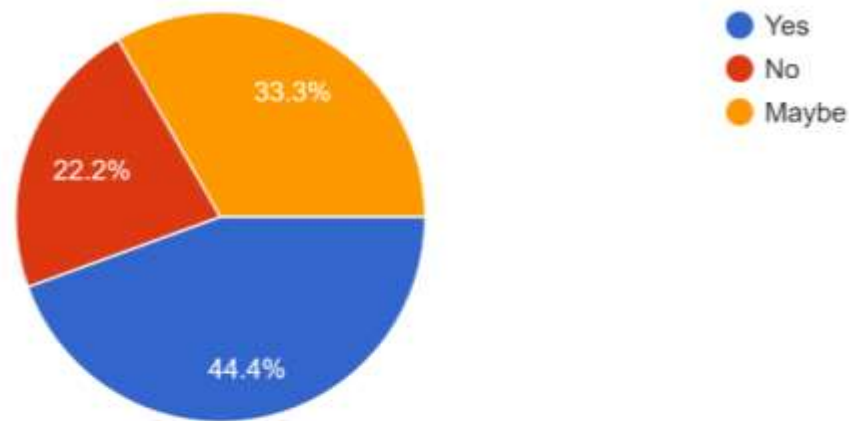
9 responses



This graph depicts that all the food aggregators were a boon during Covid-19.

Q9. Do you encourage other food chains to tie up with Zomato, Swiggy, etc.?

9 responses



44.4% of the total respondents say that they encourage other food chains to tie up with these food aggregators. Whereas 33.3% say maybe and the remaining 22.2% believes that they should not tie up with such food aggregators.

6. Conclusions

The world today has become fast paced and we prefer everything that can be order with just one click. Stepping out for even for the smallest has become outdated and we now prefer to order in. Keeping the above thought in mind this research was conducted where questionnaires were circulated in the form of Google forms. Each of the nine restaurant owners were asked to fill the forms. The forms asked simple questions that could concluded whether tying up with food aggregators was a good idea or not. The covid 19 pandemic has made us vary about the safety of ordering but these food aggregators made sure they would provide food with a contactless delivery.

Food aggregators was a concept that grew as a result of the internet. Internet being able to connect the world made it easier to use such apps. Now that you can order from anywhere around the world, people do not feel the need to physically go and visit the place. Food delivery apps ensure that the pick and deliver food from your favourite restaurants quickly. Now midnight hunger cravings can be fixed with just a click. After analysing this survey, it concluded that, restaurants preferred to be tied up with food aggregators as they bought more customers and reduced their internal cost of delivery.

Swiggy and Zomato are the main competitors and they compete with each other by giving great offers to customers. Coupon codes, cash back and complementary dishes are the main techniques of luring the customers. Though some luxury food restaurants dint like the idea of being tied up with them, these aggregators still captured a large market. The offer delivery from multiple food chains through one app which makes it customer friendly and a time saver.

This research paper states that there was 20 to 40 percent increase in sales of food chains when the associated themselves with Swiggy and Zomato. Studies show that till we reach 2025 these apps with be doubled and the digital world will at its peak. Since everything is going and the future is digitalized, it is necessary that small businesses show their presence on the internet rather than being defeated by the ones who are digitalized.

It is easy to register your business online and make nationwide presence on the food aggregator apps. Costs of marketing and employing man power is reduced. These apps through SEO techniques make your presence felt. I would encourage each food chain to tie up with food aggregators for achieving higher sales.

7. Bibliography and References

Links of Literature Reviews

<http://www.ijstr.org/final-print/dec2019/Influence-Of-Online-Food-Delivery-Apps-On-The-Operations-Of-The-Restaurant-Business-.pdf>

https://www.researchgate.net/publication/340163855_EMERGING_TRENDS_TOWARDS_ONLINE_FOOD_DELIVERY_APPS_IN_INDIA

https://www.researchgate.net/publication/336036099_Digital_Food_Delivery_Apps_Revolutionizing_Food_Products_Marketing_in_India

http://ijrar.com/upload_issue/ijrar_issue_20542895.pdf

https://r.search.yahoo.com/_ylt=Awr9DtVEzWZgXZcAKGdXNyoA;_ylu=Y29sbwNncTEEcG9zAzEEdnRpZANDMTYxM18xBHNIYwNzcg-/RV=2/RE=1617378756/RO=10/RU=https%3a%2f%2fwww.mdpi.com%2f2071-1050%2f12%2f14%2f5528%2fpdf/RK=2/RS=i88LyNU0OSM40TY5JCTZQdLQ08U-



8. Annexure

[Questions](#) [Responses](#) **9**

Impact of food delivery apps on the sales of restaurants/food chains.

Form description

Q1. What is the Name of your restaurant/food chain? *

Short answer text

Q2. Where is your restaurant located? *

Short answer text

Q3. Does your restaurant use food delivery apps to receive orders? *

Yes

No

Q4. Which food aggregator have you tied up with? *

- Zomato
- Swiggy
- Both
- Other...

Q5. Are you comfortable working with these food delivery apps? *

- Yes
- No

Q6. After the introduction of the food delivery apps what was its impact on the inhouse sales? *

- Increase
- Decrease



Q7. What is the percentage increase in sales? *

- 0-30
- 30-60
- 60-90
- 90-100
- NO change

Q8. Were these food delivery apps a boon during COVID? *

- Yes
- No

Q9. Do you encourage other food chains to tie up with Zomato, Swiggy, etc.? *

- Yes
- No
- Maybe

