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# "A Study on Online Food delivery services during the COVID -19 in Mumbai"

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## Abstract

The entire world is facing the pandemic second wave this disease has captured the entire globe. All the economies in the world is facing the financial crisis. This disease has made to follow lot of restriction in our normal life. We have to follow certain hygiene norms and need to protect our self need to follow the social distancing which has got limitations on travel which has got restricting on all sectors of industries. The public places are also under restrictions. If in case you get the disease will have to be under home quarantine or to be hospitalized in the case if the disease is severe in nature. The pandemic has created the urgency for need of medical equipment and drugs to cure from this disease. But when we discuss about the food industry it has changed its model and online deliveries for food and grocery is becoming a new normal. Which was to be purchased offline or by physically visiting the respective stores. This paper is going to discuss about the impact of Covid on the food delivery industry. It will try to throw some light on the how the economy is in a bad shape because of the pandemic. The shopping happens online as well as offline but online is getting preference. The author has used the primary as well as secondary source of data to get the complete clarity of the problem in the online Food Delivery services.

### Introduction

E – Commerce industry is growing at a rapid pace in urban metropolitan cities of India i.e. Mumbai, Bangalore, Kolkata, Chennai. It's growing from US $ 2.9 billion in 2013 to US $ 100billion estimation by 2020. E- Commerce industry is growing in every aspect of retail industry be it for consumer in terms of shopping for any number of apparels, shoes, accessories etc. Even banking industry has introduced end number of online banking options for its customers to bank for any transactions sitting at home. E- commerce industry contributes to 2% of the GDP

in FMCG business all over India.

Now E- commerce industry is also entering hotel sectors where consumers can order food online at their affordable rates with various options available, they can also book the hotel rooms at very cheap rates because of companies like OYO Rooms giving enormous discounts to customers for staying in a hotel room, customers also get many complementary vouchers and offers by these online food delivery companies which motivates them to shift completely from offline service to online service. Companies like Mc Donald's, Dominos, Pizza Hut, Subway, Barbeque Nation etc.… have their own websites through which customers can order food and avail end number of other services offered by these companies.

There are other intermediary online food delivery companies which are having tie-ups with restaurants both startups and well established and are in well demand today's day by modern generation consumers. Companies like Swiggy, Zomato, Foodpanda, UberEats and OYO rooms are in great demand and their valuation is very high backed up by huge amount of funding by various investors which allow these companies to offer huge amount of discount to customers.

The online food industry grew at 150% year on year with Gross Merchandize Value (GVM) at US $ 300 billion in 2016. Global e- commerce giant, Amazon is planning to enter the Indian food retailing sector by investing US$ 515 million in the nextfive years, as per Ms. Harsimrat kaur Badal, Minister of Food Processing Industries, Government of India.

## Scenario of online Food Delivery Services performance in India

The current scenario of online based food delivery services of India is:

1. An order placed through smartphones has a future forecast of more than 10% of all quick service restaurant sales by 2021, according to Business Insider Intelligence. It is estimated that mobile based food ordering is to be around$ 38 billion industry.
In one of the studies undertaken by L2 surveys, out of total 126 restaurants, 95 brands or 75percentoffered a mobile based app.

2. Nearly one quarter of Smartphone owners (24%) regularly use food ordering applications such as post mates and Uber EATS.

3. The online platform consumer delivery revenue increased to $ 974 million in 2019 and the expected forecast is rising as consumers are accepting this new innovative approach of food ordering.

### Highlights of online Food Delivery Services

1. Online food delivery sector is growing at 15% Q- O-Q from January to September 2019 and it will grow much faster at a wider scale.
2. Average daily orders grew upto 400000 in three months to September2019.
3. In-house order delivery statistics shows that upto 56%of the orders were booked in.
4. Delivery timings dropped to 42minutes in FY2018 from 46 minutes inFY2017.
5. Ola, India's largest taxi hailing firm is planning soon to acquire Foodpanda, the online food delivery firm which is creating troublesome situation in the market.

OLA is planning to invest $200million over the years which will create huge price wars in the market and market penetration will be huge in the industry allowing competition to grow much higher.

## Literature Review
### H.S. Sethu & BhavyaSaini (2016):

Their main aim was to find out the student's mindset, behavior and key factors that drive them to go for online food delivery services as their first preference for food.        The result that they came out states that students can order their desired food online        anytime at much precise cost, they can save a lot of time during exams when they        simply have to order food online instead of going out to eat and then waste a lot of time, internet saves a lot of time as in during busy schedule as just get hold of your        mobile application and order food instantly without timewaster.

### Leong Wai Hong (2016):

Technology is one of the key factors as to why e- commerce industry is growing as a result of which online food delivery service business is also growing. For any hotel        industry to grow, efficiency is mainly needed which can boost profitability and  productivity of the business. The use of online food delivery services will lead any        restaurant business whether well- great success or fortunately on a timely basis        because getting online platform will allow the industry to improve their credibility,        more fame plus more trust factor will increases the details of a particular restaurant will be put up on the online platform.

### Varsha Chavan, et, al, (2015)

Mobile software interface has allowed the customers to book their food online as        the technology is easy to just go in the app, select restaurant, food and then order        improves the profitability of. The analyses is states that this wireless communication    service technology has improved the service sector business since its cost effective, easy        to reach, easy access to whole lot of information service delivery

### Serhat Murat Alagoz & Haluk Hekimoglu (2012):

E – commerce industry is growing at a very fast pace and with that. In the research        paper, he initiated Technology Acceptance Model (TAM) which throws a detailed    study on the acceptance of online food ordering services by the customers. The study    states that the online food delivery service is accepted is based on the ease of delivery        and usefulness to customers based on their preferences.

Customer's acceptances of these services area ls the innovative methods, quality of food        delivery, efficiency in the system, how much cost company allocates for the business etc.

### Sheryl E. Kimes (2011):

In his research paper the matters that convenience perceived control is the two most important factor necessary to understand consumers perception and attitude        towards online food service. Many customers still prefer to have one on one        conversation with the hotel as in offline food delivery that because relationship  when interaction and conversation exist.

**Research Methodology**
**Sources of collection of Data:** Primary source of Data as well as Secondary
     Source of Data
**Type of Research:** Exploratory Research
**Sample Size for the Research:** 100 Respondents

*Primary Source of Data:*
     The data taken is a primary data as it is a questionnaire survey undertaken to know     what the respondents feel about online food delivery services. These respondents are     the one's living in Mumbai.  Primary data is taken as it gives a clear picture of the     respondent's views relating to particular topic and with a sample of total 100  respondents, perfect conclusion can be made as to what are the pros and cons of     particular matter.
*Secondary Source of Data:*
The secondary data was collected from Articles, Research Papers, Website of Companies & Magazines.
     ## Scope of Study
The study focuses on the competition in the restaurant industry by the arrival of online food delivery services. Online food delivery services have even boosted the credibility of startup restaurants giving them exposure to public at large.
With the aggressive business pattern of online food delivery services, market penetration in this industry has increased to large numbers paving extent. This study is important to understand as how consumers will derive benefits from the industry and will these online delivery services shift the consumers attention from the loyalty towards outlet to online services.

**Research Objectives:**
**1.** To identify companies contributing to online food delivery service industry.
**2.** To study the key factors that drives the consumers to go for online food delivery services of restaurants.
**3.** To analyze about the leading food delivery service provider in Mumbai.

**Questionnaire:**
**1)** **What is your age and No. of Respondent?**

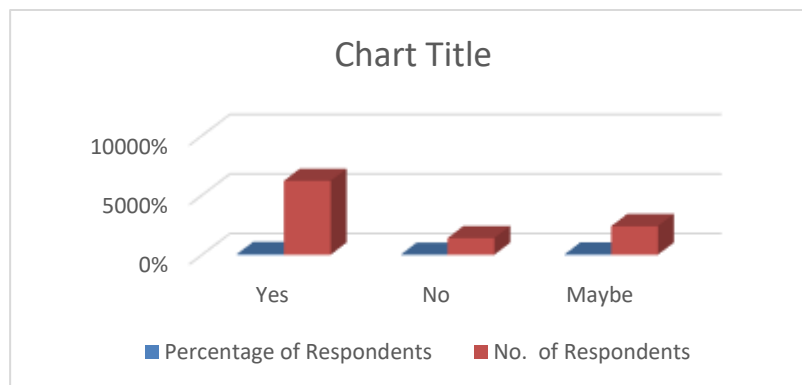| Age | No. of Respondents | %of Respondents |
|---|---|---|
| **18-30** | 84 | 84% |
| **31-45** | 10 | 10% |
| **45&Above** | 6 | 6% |
| **TOTAL** | 50 | 100% |
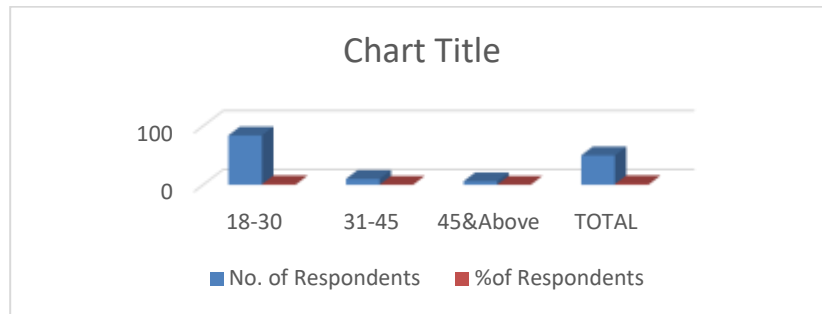
**Interpretation:**

➤   The respondents participated in this survey are of the age group of 18-30 majority and 2% of the age group of 31-45.

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➤   It is seen that the younger generation people are more interested towards ordering food online because the reason maybe they are more attracted towards outside food than homemade food.

**2)   Do you prefer Online food delivery services over offline?**

| Response | Percentage of Respondents | No. of Respondents |
|---|---|---|
| Yes | 62% | 62 |
| No | 14% | 14 |
| Maybe | 24% | 24 |



**Interpretation:**

➤   62% of respondents choose to order online food delivery service as the best option. Promotional codes and Cash back offers are motivation for online food delivery services as compared to dining at restaurants.

**3) Are you aware of the major online food delivery services?**

| No. of Online Food Services Providers | No. of Respondents | Percentage of Respondents |
|---|---|---|

2237

| Zomato | 47 | 21.96% |
|--------|----|--------|
| Swiggy | 47 | 21.96% |
| Dominos | 32 | 14.95% |
| UberEats | 22 | 10.28% |
| Pizza Hut | 22 | 10.28% |
| Foodpanda | 15 | 7.01% |
| Box 8 | 11 | 5.14% |
| Faasos | 10 | 4.67% |
| Behrouz | 8 | 3.74% |
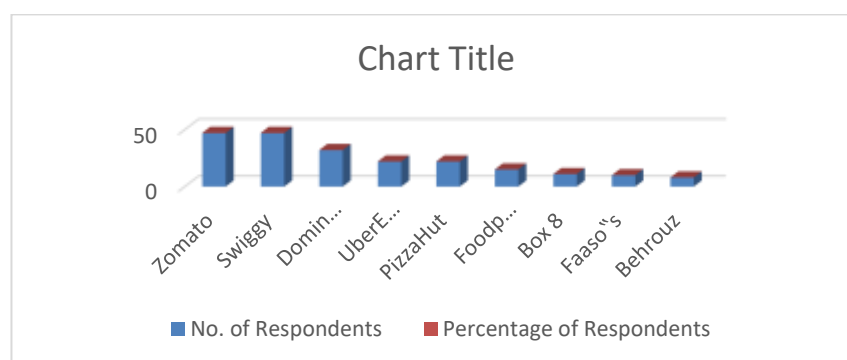


**Interpretation:**

➢    Zomato and Swiggy are major leading market leaders in online food delivery order industry followed by Uber Eats and others as respondents are not only aware but also use these applications to order food.

4)    **What are the key factors that motivate you to prefer online food delivery services more than offline food delivery services?**

| Key Factors | No. of Respondents | Percentage of Respondents |
|-------------|--------------------|---------------------------|
| Convenience | 38 | 23.03% |
| Order online 24/7 | 28 | 16.97% |
| Cashback or Discount | 20 | 12.12% |
| Affordability | 19 | 11.52% |
| Free delivery to doorstep | 19 | 11.52% |
| Variety of food options | 15 | 9.09% |
| Timely delivery | 14 | 8.48% |
| Promotion Codes | 6 | 3.64% |
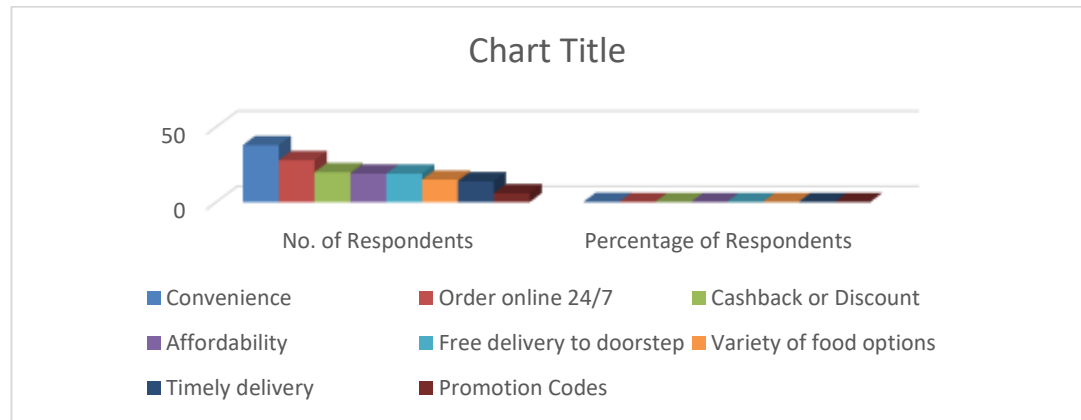
**Interpretation:**

➢     Convenience and cashback or discounts are one of the major reasons why consumers go for this approach.

➢     Ordering from home or office is very convenient and hefty discounts motivate customer to pay less and have good food.

5)     **What are the key factors that motivates you not to prefer online food delivery services over offline?**

| Factors | No. of Respondents | Percentage of Respondents |
|---------|--------------------|-----------------------------|
| Trustworthiness of item displayed on the website | 22 | 23.16% |
| Quality of Products | 21 | 22.11% |
| Prefer to go with family/ friends | 18 | 18.95% |
| Grievance issue if discrepancies found | 14 | 14.74% |
| Security related concerns | 11 | 11.58% |
| Cooking at home to save money | 1 | 1.05% |
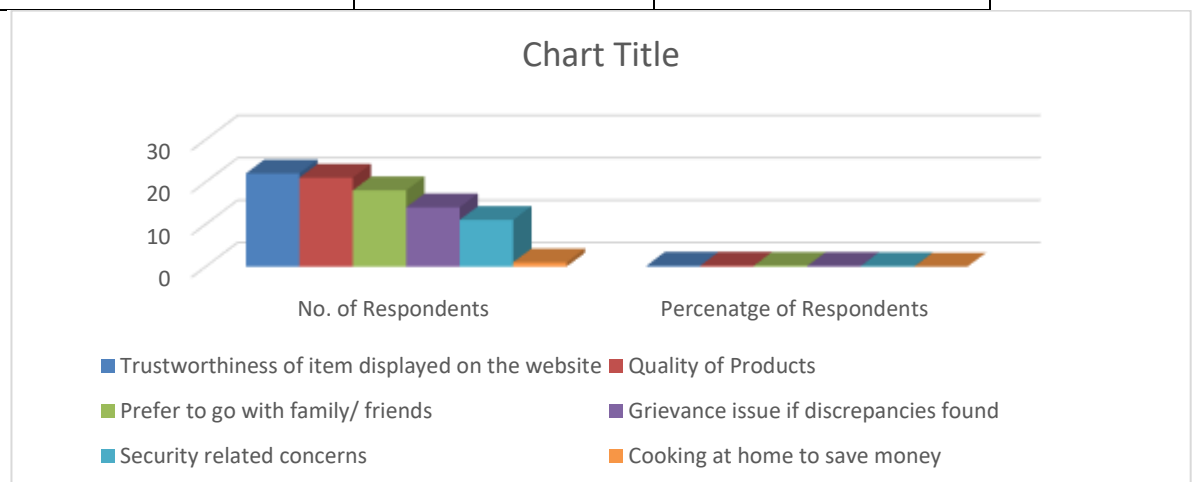
**Interpretation:**

➤ Quality of products and trustworthiness of item shown in the website is a key factor that makes a consumer reluctant to go for online food delivery services.

➤ Customers enjoy with family or friends while dining in restaurant brings more fun and bond in relationship with individual.

6) **Do you feel that the food which you purchase offline at costly rates, you get it at affordable rates online?**

| Response | No. of Respondents | Percentage of Respondents |
|---|---|---|
| Yes | 20 | 20% |
| No | 28 | 28% |
| Maybe | 52 | 52% |
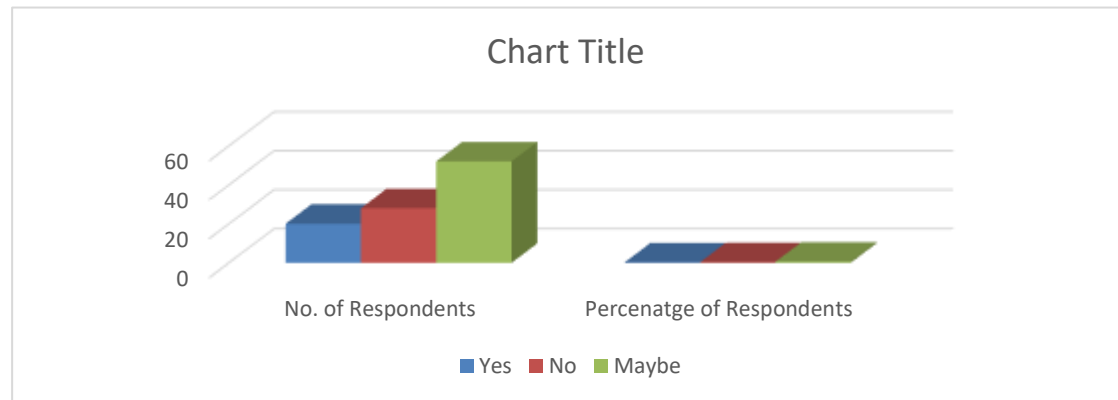


**Interpretation:**

➤ 20% respondents believe that they get food at cheaper rate from online rather than dining.

➤ Many offers like Cash back and Promotional codes for ordering food online.

➤ Online Offers are not applicable for Offline dining at restaurants. So the data gives us the info that ordering food is cheaper as compared to dining at restaurants.

7) **You order food online mostly for which of the following purpose?**

| Purpose | No. of Respondents | Percentage of Respondents |
|---|---|---|
| Morning Breakfast | 4 | 4.04% |
| Lunch | 18 | 18.18% |

| | | |
|---|---|---|
| Evening Tea | 6 | 6.06% |
| Dinner | 33 | 33.33% |
| Snacks | 16 | 16.16% |
| Late night cravings | 13 | 13.13% |
| All of the above | 6 | 6.06% |
| Never order food online | 3 | 3.03% |
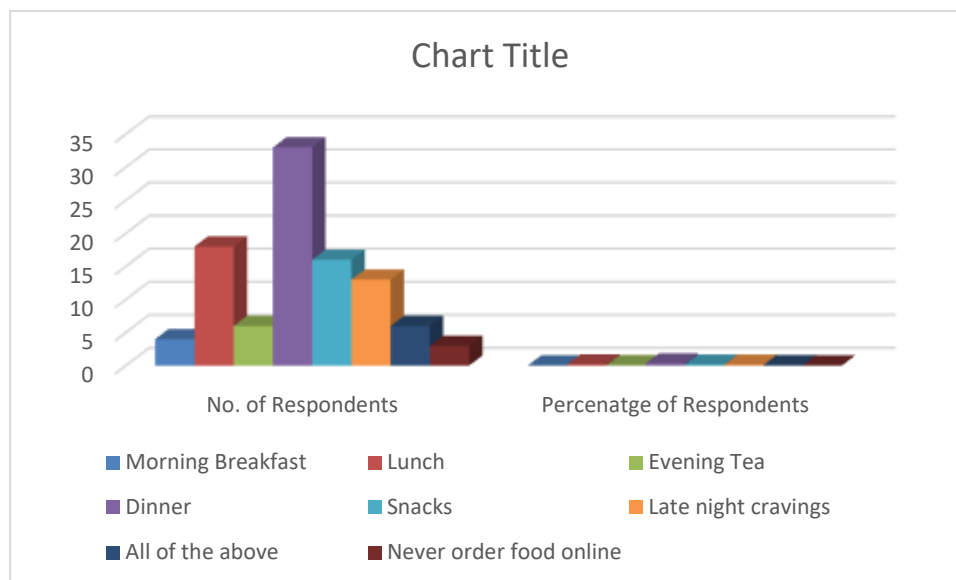


**Interpretation:**

➢    The working professional order food online mostly for lunch during office hours especially when they haven't got their lunch boxes and order online for dinner during weekends.

8)          **Which Occasions do you prefer buying food online food delivery services ?**

| Occasions | No of Respondents | Percentage of Respondents |
|---|---|---|
| Weekend Events | 43 | 40.20% |
| Late night from Office | 59 | 55.10% |
| Family Gatherings | 36 | 33.60% |
| Birthday Party | 50 | 46.70% |
| Alone at home | 1 | 0.90% |
| No cooking @ home | 1 | 0.90% |
| Anytime | 1 | 0.90% |
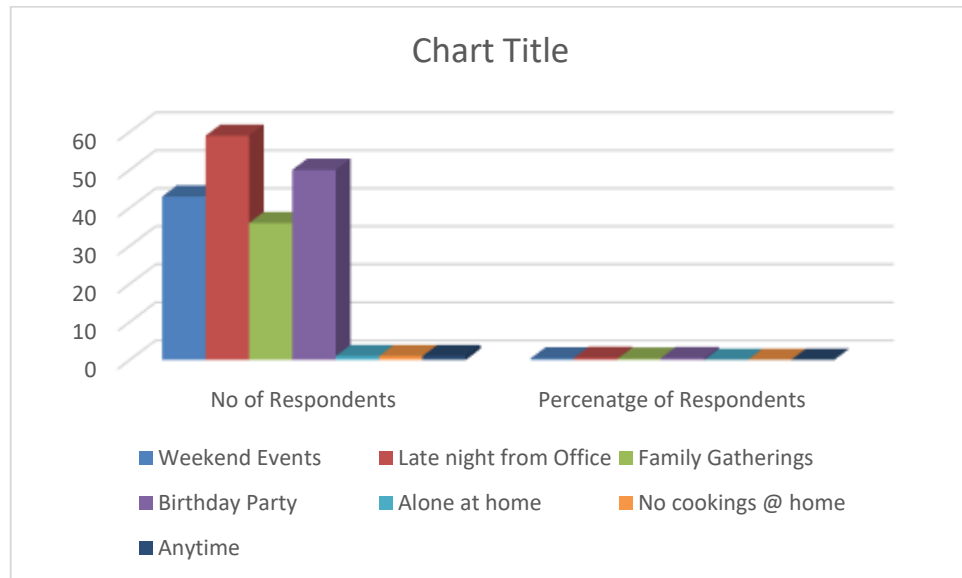
➢ Late night from Office is one of the reasons for ordering online food, since it is just a click away home food.

➢ Revenue generation for the Online companies are through office goers or nuclear families.

➢ App based service helps us to reach the restaurants during birthdays and any other occasions.

➢ It's becoming a trend to celebrate birthdays in the form of treat, this online food services contributes the treat fellow to give treat to his/ her friends at good quantity and affordable price.

**Suggestions**

There are still respondents that feel dining is much better than ordering food online because going to a restaurant and dining will not only add value in ordering food but also they can ask  waiters about the type of food, quantity of food, what are the ingredients put etc… as face to face interaction with the seller will improve the customer relationship with the seller plus the satisfaction of the proper information from the seller swill boost the reputation of the restaurant or any online food outlet in the minds of customers.

In the mid-2017, which stated that the personal information of the customers stored in the Zomato App was leaked as result of which many customers uninstalled the application. Security concerns of the data is the.

Zomato, Swiggy etc. should mention properly the ingredients put in every dish and the exact quantity that they will get for one plate so that all the doubt relating to the food will vanish and business will improve.

**Conclusion**

Food truck is the latest application of food which would challenge the existing food applications.

As the framework was made reminiscent of the virtues and shortcomings of popular food applications such as 'Zomato', Food Panda and Swiggy.

During Covid-19 is food delivery at home is becoming the usual practice.

Consumers wants to earn cash backs and incentives followed by targets or advantages of steadfastness.

Online food delivery is conveyance and comfortable for customers during the covid period.

Experts should investigate how online ordering experiences will change the purchasing habits in the near future.

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