

Marketing Habituation and Process Study of Online Food Industry (A Study Case: Zomato)

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ABSTRACT

Online food ordering platform has become the new habit which makes e-commerce sector, one of the essential parts of our daily lives. This sector has changed the mindsets altogether; from people who are willing to stand in line for hours to get a great deal to get the food is now on the fingertips and that too at your doorstep. Basically, this paper focuses on the elaborative study about marketing strategy and operations used by Zomato to become the pioneer into the Online Food Service sector. Furthermore, this paper aims to have insights about the marketing habituation of a web-based business which influenced people to change the perception about food ordering and to study the aspect by which the organization managed the processes of this growing sector. This paper contains a case study on Zomato, the largest online food ordering platform in India. Zomato became a strong brand where its every order makes sure that the customer gets habituated for the service he receives. We will learn about the marketing tactics which Zomato has used exceptionally to establish into the market successfully.

Keywords: marketing, habitual, Zomato, web business, online food delivery, e-commerce

INTRODUCTION

Zomato is an online food website which provides restaurants search and food delivery services. It provides the customer hyper-choice for the great place and great food to eat. Zomato has set foot on 22 countries including India. Zomato became the top 25 most promising company-based internet which consists of its services and performances. Zomato also has listing more than million restaurants spread in over 10,000 cities across 22 countries.

Habitual decision making is related to no conscious effort. Choices done with habitual decisions need not have any selection amongst the options, it's just the routine process to use the same brand for the same purpose. Many purchase decisions are so routine that we may not realize that we've made them until we look in our shopping carts or when he keeps using the same e-commerce to buy something.

When a person buys the same brand repeatedly, does this mean it's just a habit or is he or she truly loyal to that product? Or in this case, if a person keeps using the same online food platform to buy food over and over, it's just a habit or is he loyal? The answer is, it depends. If the consumer discovers that the normal food delivery application stops working, will he or she just use the other apps, or he/she will wait for the application to work again? If the answer is "my way or the highway," that marketer

has a loyal customer. While analyzing this for Zomato, we were able to comprehend that, every purchase on Zomato is habituated with approximately 62.5 million users.

Background

All the successes that have been achieved by the company, the company still has some weakness and threats. There are lots of online food e-commerce nowadays, and Zomato has a bigger competitor like Swiggy. Hunger Go is also the biggest competitor in Singapore, where Zomato doesn't want to enter its market because of the tough competition. But Zomato has set up a strategy to scale up its operation and expanded its business into various countries. In 2016, Zomato acquired with Sparse Labs, a logistics-tech startup that helps restaurants track and optimize their in-house delivery fleet. With the app, restaurants can also use a proprietary GPS tracker that has been developed by Sparse which can then be attached to the delivery bikes and give them real-time GPS-based status updates on their order. Zomato focused on deliveries highly cost- and time-efficient, allowing them to optimize delivery routes and ensuring minimal wait time for riders. Zomato always maintained that the most cost-efficient delivery fleet is the restaurant's owner, where they can utilize the same staff during off-peak hours for back-of-house and marketing activities.

After 2011, the e-commerce sentiments in India started to change and rise, a lot of companies started to make a web-based business model, but those websites are not as good as Pinterest, Pandora, etc. But Zomato is a different story, some Indian companies may lack in its web design, but Zomato was always the best. Zomato was able to attract people and offer its product just by an attractive and user-friendly interface. Zomato is building integrated dining experience for consumers, and there was a huge operation in 2015, that make the company change its business model into a cashless payment, online ordering. i.e., Zomato for business, and Zomato for advertising.

Due to the high rise in India's Internet Population in 2018, Zomato's market is all set to grow further. The number of people who access the apps has grown spectacularly from 90 million in June 2013 to 185 million in June 2014, such a big growth to tap.



RESEARCH METHOD

The Methodology proposed in this research is composed with a literature review, with some search information on the internet, which information is supported by fact and the component correspondent to the company's website, magazine, news, as well as

articles. In this way, the reader will understand Zomato's marketing strategy as to how they show every purchase is habituated by the previous experience with the company. Here, we have used cyber-ethnography to some extent to analyze the online data available.

RESULTS AND DISCUSSIONS

In this case, we search for some data from the literature, then try to compare it with other literature. First literature is written by *Ms Harshleen Kaur Sethi*, she wrote in her work "Product and Zomato Strategy", that the successful key of Zomato strategy is that Zomato has been smart enough to react swiftly to technological development communicating well with the consumer through an online presence.



Source: twitter.com/zomato

Zomato also has some initiative program called "menus for change", a program that aims to give back to the society and help provide nutrition and overall health to children who is less fortunate than us. This program has positioned Zomato as much superior to the competitors and enhancing its brand value. And Zomato shares the result of this program into social media, especially Twitter. And Twitter is where Zomato shines because Twitter is used as a conversation platform and Zomato is doing great at engaging in conversation with the people.



Source: twitter.com/zomato

Other than that, Zomato has extensively invested a lot over SMO's, SEO's and has worked a lot to improve its UI and make it more user interactive. Side by side with a goal to branch globally, they also invest much on TV ads to bombinate Zomato, the firm has its own focus which is focused on segments such as online food ordering, restaurant booking, subscription-based services and billing inside of restaurants.

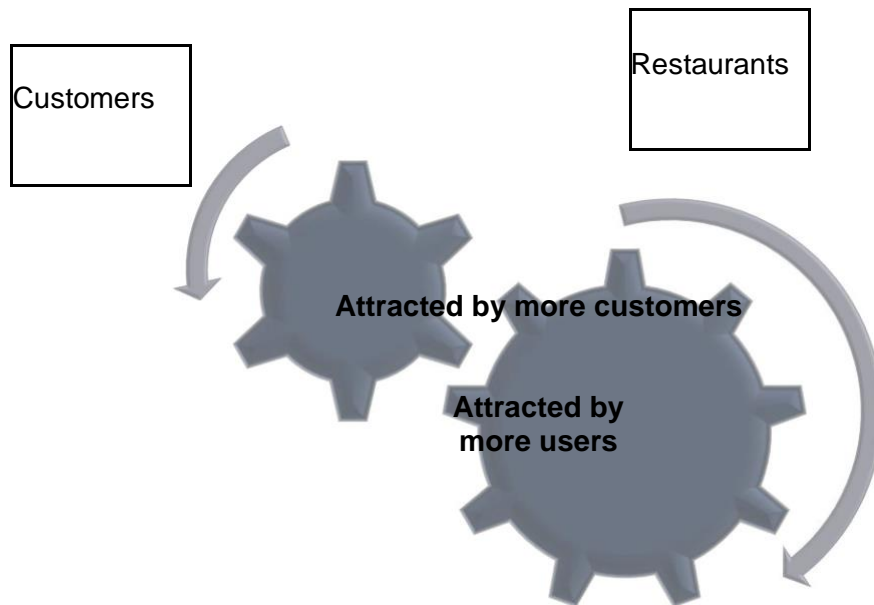
So, the reason why people keep using Zomato and making a habitual purchase is that because Zomato mobiles apps are easy to use and access, not only Zomato have a lot of restaurant list, Zomato also gives the recommendations to the user so that its way easier to choose a restaurant in the condition where more options are available.

Not only the employees of Zomato are increasing with time but also people who use or otherwise visit the website every month is increasing (Zomato.com, 2018). As Zomato acts as an intermediary between the customer and the supplier of food thereby Zomato assumes a lot of risk in delivering food to the customers in the right condition. After the customers have placed their online orders, Zomato needs to ensure safe and timely delivery of all meals to their respective clients. In this regard, Zomato not only needs to maintain a constant connection with the food supplier but also with its distribution team so that all orders reach their destinations on time and in the right manner. Zomato's business model is suitable to fulfil the needs of existing as well as prospective customers.

However, to succeed in the market, Zomato need to maintain a close contact with the customers in order to record their feedback on regular basis and implement suitable strategies in light of the feedback. An important finding relating to Zomato's operations is that over the past, Zomato has received and is still receiving complaints from various customers who receive spoiled, cold, bad tasting, or otherwise unacceptable food or beverages from the food brands. This complaint is quite reoccurring and despite implementation of necessary steps, Zomato continues to face severe issues in this regard. If customers continuously receive such orders in which the food and beverages are unacceptable then it badly affects customer loyalty as customers would be quite disappointed with Zomato and would wish to discontinue their habituated process of ordering food from Zomato.

Process Study of Zomato – Value addition at every step

While studying the marketing habituation for Zomato, it is also being found that along with marketing strategy Zomato has used, there is remarkable operational strategy also which take care of the value addition at every step right from searching for the desirable food item to the same food item getting delivered in the expected time. This strategy helps Zomato to build the marketing habituation effectively. Thus, it is clear that for Zomato operations and marketing are directly connected throughout the entire process.



Operational Strategy of Zomato

As more and more restaurants get registered in Zomato, attracting value for customers increases substantially. Value addition for online food ordering services are seen by the following parameters: -

1. **Visibility:** - Every outing place can have a listing on Zomato which creates the better visibility of restaurants and food joints into the particular area. Along with this, advertisement of newly launched ventures and suggestions improve the business to build into a different tangent. This increases the reach of the restaurant business.
2. **Online platform:** - A user-friendly application of Zomato made the life easier for food cravings customers face. It bridges the gap between different restaurants and customers in no time and at fingertips. Marketing habituation is particularly seen due to this ease.
3. **Service:** - After finalising the desired restaurant, Zomato comes with something extra, i.e., have your food at delivered at your doorstep. Food delivery service makes the difference by creating the reliability in your customer's mindset which eventually becomes his habit and thus, the brand gets flourished.

Thus, by using these three parameters Zomato completes the processing circuit with effective value addition at every step creating the market habituation evident.

CONCLUSIONS

Zomato is an international business and international businesses have to face humungous challenges while operating at an international level. These challenges include; political, social, cultural, economic, environmental, legal, communication, business establishment, and other infrastructural issues. Zomato, being an online business, faces a low-level communication challenge. As all the content on Zomato's website has been written and printed in English, therefore, the business can reach a

wider audience despite operating across borders and in foreign territories where native language may be different. International retailers that operate virtually face communication challenges to a lesser degree.

As a virtual business, Zomato relies heavily on its network of distribution that is composed of hired bike riders and freelance van drivers. The bike riders are available at all times as they work on Zomato's payroll while the services of van drivers are acquired whenever needed. Due to the acrid weather conditions in many Asian and Middle Eastern countries, Zomato is facing problems with distribution as food and beverages get spoiled during the delivery process. Thereby, a strategic change is required to be brought in the distribution system.

However, despite the presence of challenges that Zomato had, it had to overcome those in order to successfully operate in the international arena, Zomato had done quite well in the market which is why it is regarded as one of the world's best online food delivery businesses. Zomato's business model is suitable to fulfil the needs of existing as well as prospective customers. However, in order to succeed in the market, Zomato does need to maintain a close contact with the customers in order to record their feedback on regular basis and implement suitable strategies in the light of the feedback.

An important finding relating to Zomato's operations is that over the past, Zomato has received and is still receiving complaints from various customers who receive spoiled, cold, bad tasting, or otherwise unacceptable food or beverages from the food brands. If customers continuously receive such orders in which the food and beverages are unacceptable then it badly affects customer loyalty as customers would be quite disappointed in Zomato and would wish to discontinue ordering food through Zomato.

Recommendations

To overcome the problems stated above, Zomato should adopt the following measures as part of its operational and business strategy:

1. Zomato should put in place a strict rating system for rating food suppliers and food brands that wish to become a partner of Zomato. Through this rating system, Zomato will grade the suppliers and only such food brands will be chosen to sell their products and services through Zomato that fulfil certain criteria and satisfy the minimum grade requirements set by Zomato. A customer should also participate in the rating system of food suppliers so that the opinion of the customers can be duly incorporated.
2. Zomato should also have a strict penalty system for suppliers. Those food suppliers that fail to fulfil their obligations and receive low rating and scores from the customers should be penalized. A food supplier that continuously gets low score should be banned from Zomato.
3. Zomato should set up a loyalty and rewards system under which loyal customers of Zomato should be rewarded through points to be used in the next purchase from Zomato. Such a system would encourage customers to order more through Zomato.
4. In order to avoid food spillage and spoilage, Zomato should use special delivery bags and carriers for its bike riders who deliver food to the customers. Moreover, food delivery vans must be equipped with refrigerators and ovens to allow temperature maintenance of foods and beverages. In this way, customers will get food and beverages at the right temperature.

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