

Online Food Aggregators: Marketing Strategy during Covid-19 Pandemic

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Abstract. The research objective of this study was to analyze the marketing strategy of the online food aggregators during the Covid-19 pandemic. The study focuses on the perception of the customer and the service provider in terms of online food ordering and delivery platforms. Cloud kitchen services have gathered a lot of eyes due to low-cost investment and high market demand. This study also focuses on the growth of cloud kitchen during the Covid-19 pandemic. The research method includes usage of secondary data and interviews with the concerned organizations through video conferencing applications. This study indicates the importance of online food aggregators and cloud kitchens in the customers' lives during the pandemic and how the service providers have managed to adapt various marketing strategies for survival and revival during the Covid-19 pandemic.

Keywords: Marketing mix; Market Positioning; Differentiation strategy; Covid-19 Pandemic; Online food aggregators

1 Introduction

E-commerce is the electronically purchasing or selling of goods on an online platform. E-commerce has been on a surge because it served home delivery of not only goods but also services. E-commerce is technology-driven and works on smartphones, tablets, laptops and even draws customer data. Many companies are excelling in e-commerce,

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such as Amazon, which started selling books initially. From the idea of retail e-commerce came retail food delivery, which acts as a medium of home delivery for the restaurant.

The food industry was gaining its stand in the global market and India since 2009 but initially, having food at a restaurant was a charm for food lovers. The restaurant started the takeaway process, and even they started delivering the food over phone calls, which earned them huge revenue. Companies like Pizza Hut and Dominos began to deliver the food at their doorstep, which gained the market share for the company.

The current Global scenario of online food delivery app is on the rise, and competition is also increasing among companies like Zomato, Uber Eats, Grub Hub, Deliveroo. Due to their marketing mix strategy, they differentiated them from the competitors and gained the market share. Every food delivery company is trying to innovate and implement new ideas to capture more customers and increase their customer base and revenue. Logistic services are critical factors that have earned the enormous eyes of the companies they are trying to improve. Soon, the Global food delivery sector will touch \$200 Billion marks, which will change the market scenario.

India is the 4th largest economy in the world, and MNCs are trying to invest in India. Companies like Swiggy, Zomato, Food Panda have gained popularity in India and are the market leaders in this sector. India is a developing nation so is the food sector, so the companies are trying to enter into the cloud kitchen model, which will help them earn more revenue with low investment.

2 Literature Review

2.1 Online Food Delivery Aggregators

Swiggy

Due to the logistic of the operations, Swiggy was a massive hit in its segment with an active partner of 1.25 lakhs and 30,000 restaurants partners. Swiggy's main work was to control the value chain of the customer's experience. Due to its strong logistics, it guided its team with proper substances and proper channelization of the work and the delivery of the food items. Swiggy's primary promotion strategy was through social media handles, which grabbed a lot of attention from brand positioning, gaining the customers' trust, and having the highest number of social media followers beating its competitors and social media influencers. "No minimum order policy" & "30 minutes' delivery" grabbed the eye of the customers, which took the market by storm, and Swiggy popularly gained its trust in the market.

Zomato

Zomato gained its value/position as an authentic review of the restaurants and food hub places. Zomato is used to find the restaurant, search, discover, and deliver business. It wanted to create a world where food consumption and taste patterns are detailed and shared wisely with the suppliers.

Zomato's main target groups are the 18-35 years' working people or students who don't want to go outside and eat rather than sit at home. Zomato uses a demographic segmentation strategy to target the groups. Zomato mainly earns primarily through referrals and Z coins, and the Zomato gold premium membership. Zomato is very efficient in delivery time predictions, logistics optimization, and delivery supply prioritization.

Uber eats

Word of mouth marketing has been essential for hyper-local strategy which is followed by Uber Eats. Sponsoring events, first-time trials, and referral bonuses at the starting drew customer attention for both the drivers and the customers. Uber Eats develop operational roles and marketing roles to have an interface with restaurants and grow business.

Food Panda

Food Panda tries to make a hassle-free and simple method of ordering food. Food Panda has direct contact with restaurants and customers with its app and its user-friendly App usage. Food Panda confirms the order and estimated delivery time by sending an SMS. Food Panda has a review section where consumers can comment on several features like delivery, sales process, overall impression, and taste. Its distribution network includes more than two thousand partners like Mast Kalandar, Baskin Robins, Nirula's, Subways, and Pizza Hut, increasing its market demand.

2.2 Online Cloud Kitchen Aggregators

Cloud kitchen is also known as "Dark Kitchen," "Ghost Kitchen," "Virtual Kitchen." Cloud Kitchen means a restaurant you cannot go to, but you can get food from there. The outlet or kitchen can be opened anywhere and the organization can start selling food from there. It concentrates on off-premises serving the food to the customer through delivering the food to places. One has to pay for the chef who would make the food and not even the staff serving the meal in a dine-in restaurant.

The Cloud kitchen business model is one of the most trending models in the business world. Many biggies are trying to enter into this business which will create a new segment for the well-established companies. Even in this pandemic, the food sector has suffered loss, but due to the cloud kitchen business, they could recover their losses by making it available. Strategies may differ from company to company, but they almost use the same commonalities to establish a working business but differentiation matter a lot to keep them ahead of others, which will increase their revenue and brand awareness in the market.

The physical presence may be befitted for someone like 5-star hotels because they invest a lot in ambiance and try to make it implicit so that a customer will pay more for enjoying the moment. Still, in cloud kitchen, they don't have any personal touch to build customer relations; they have a limited audience as only tech-savvy customers reach

out for ordering food. They have a little brand presence as compared to traditional outlets. Overall, if you see, they have easy expansion over others as it requires low operational cost and investment cost. The ordering process is very streamlined as compared to other methods. These are also now referred to as "Digital Restaurant Brands." Now every sector in the food industry, especially Health Brands, is also entering into the business to increase their availability in different places and locations to reach out to more customers. Examples of Cloud Kitchen Brands are Faasos, Behrose, Oven story, Fresh Menu, HolaChef, Box8, etc.

3 Methodology

This study has been conducted basing the available secondary data. Secondary data has been drawn and explored from various sectors to show the positioning and the market strategy used by the companies. Literature review has been conducted considering Indian food aggregators and their present scenario. This research paper shares knowledge about the food delivery companies, their positioning strategies, their implementation ways, their segment group, target group and even the marketing mix strategy and the secondary data sources used were from the company's official website, published documents, reports released by market research agencies and thesis papers. The research also contains the details collected over video interviews of technology giants and the investors who have invested and what led them to invest in a new idea.

4 Findings and Discussion



Fig. 1. Cloud Kitchen Model

- There are multiple source of order taking therefore there should a point of sale in cloud kitchen services so that the order is not mixed up and the right order goes to the right counter

- Different chefs are hired for different cuisines so that order does not get mixed up and it help them to maintain the order and the right cuisines goes to right person
- Different staff are setup for such as order taking person, diverting the order to the correct counter, for packaging, for delivering and for sanitation
- If you have multiple brand under your cloud kitchen, then either u can hire one chef who can handle multiple order that comes through different brand or else you can hire multiple chefs for designated brands
- If you don't have delivery partners, then you can also hire multiple delivery boys for the services
- Managing the supplies is one of the toughest job to do. The supplies must reach in time or else the cloud kitchen will suffer loss. Supplies should be ordered in bulk or else if you order a certain small amount they the supplies would cost you more so managing these stuff is much more important to keep the coordination intact
- Proper inventory is stored or backed so that on the ease the requirement of multiple brand under the banner. So POS (point of sale) helps in managing all these stuffs

4.1 Marketing Strategy and use of Technology

Cloud kitchen companies are trying to make their way into the food business with a huge competition. Market strategies are made on the basis of the scenario or trend of the market and on the consumer behaviour. Taking the present scenario of the market, its evolving and increasing but the main things to focus is on the what makes their product differentiated from others so that they can grab the attention of the customer. Indian market is a huge base where the external companies or the global leader are trying to enter but before that they need to study Indian Market because in Indian Market customer required good quality of food in cheap price which makes difficult for the companies to fulfil the requirement but there is also different sector which happens to understand the Indian market like Swiggy and zomato where they were able to control the market by understanding the customer requirement. Understanding the consumer behaviour is one of the foremost strategy for the companies so that they can place the product and make modification according to the customer and market.

4.2 Modern Marketing of Cloud Kitchen

Segmentation means dividing the market on the basis of characteristics, needs and behaviour. Basically they are for segment marketing in which they are providing the facilities same for all customers even they are providing foods and cuisines according to the needs and choice of customer so that whenever they crave for any cuisine they need the app makes it available for the customer. Now-a-days segmentation can be demanding as per the need and want of customer. Segmentation can be geographic and demographic, Psychological and behavioural criteria also. Segmentation can be simultaneously used in multiple criteria to know about customer. Such as Swiggy and Zomato they use both demographic and geographic criteria to understand the which Income level group or gender is ordering from which area and what should be the price and definition should be use so that he/she can reorder next time. Segmentation also helps

in differentiating the company from competitors such as swiggy Faasos they use promotion coupons for different cities to grab the attention. They try to segment in such way that it can be measurable, accessible, profitable, differentiable and actionable. Segmentation needs to be aligned with the corporate strategy.

Second important point of modern marketing in who is your target audience. Targeting is one of the foremost important or one of the standing pillar for the marketing strategy. Understanding the target audience and making available the food makes them loyal customer and happy customer. Such as Fresh Menu is targeting the people of age group 18-34, who are willing to stay at home and wants their food delivered to their doorstep. If the target concentration is correct it helps in positioning the brand in the market. Finding the target audience also helps in segmenting and providing them with the best foods nearby. Faasos and Box 8 have their own delivery services but they have their outlet in preferred location so that they target customers of that area and increase their customer base so that they will help company get more customers through word of mouth promotion.

Positioning is the process through which we design the company offering to attend to a segment where a pool of seconds with valid proposition. Position means clarify the brands what it offers and they try to understand the customer. Online food delivery companies they try to position in such a way that whenever any customer wants to order any food the 1st brand that comes to the mind should be their brand so they are to present their brand in such a way either by using quotes or through social media platform basically they use marketing mix strategy to position their brand and segmentation and targeting helps them simultaneously.

Table 1. Presence and Promotional Activities on Social Media Handle

Cloud Kitchen Companies	Twitter	Facebook	Instagram	YouTube	LinkedIn
Deliverect	Yes	Yes	Yes	Yes	Yes
Door Dash	Yes	Yes	Yes		
Rebel Foods					Yes
Deliveroo	Yes	Yes	Yes		
Kitchen Popular					
Rebel Foods India	Yes	Yes	Yes		
Box8	Yes	Yes			
Inner Chef	Yes	Yes	Yes		
Fresh Menu	Yes	Yes	Yes		

4.3 Future of Cloud Kitchen and New Trends

Cloud kitchen is itself in a developing phase. Still, it has been caught in the eye of big players such as Swiggy, Zomato, Food Panda, who are the market leader in India are also trying to enter into the cloud kitchen business model, which will not only increase competition but will also increase the valuation of food business in India.

Bring multination companies such OYO and Future Groups also eyeing to enter into this business to enter into the food business and increase their segment.

The food business is also inching towards profitable business and delivery system/logistic system also needs improvement so drone delivery system is being introduced and many companies like Faasos and Swiggy are acquiring drone delivery companies for their faster delivery services.

Even a small business owner can step into cloud kitchen and expand their business to locals. The hiring of local drivers will increase. Cloud kitchen is helping in diversifying the business for the companies which will initial stage may not be profitable, but in the future, it will add valuation to the Indian economy.

Increase of promotion in social media which will garnish the platform and brand awareness which increases the marketing strategy and new development will come such as Loyalty features for the customer which will give customers free delivery and promotional coupons and discount.

4.4 SWOT Analysis of Online Food Delivery Business

Strength

- Having experienced staff and a robust delivery system which will increase in the efficiency in working as well as in delivering the food
- Well Recognized Brand and brand value increase the presence and the 1st preference for any customer by recognizing the brand.
- Lower prices as per competitive pricing strategy will give an upper hand over others.
- Serving fresh foods for the customers and earning the trust of customers on which they will indirectly refer the app for ordering food online
- Availability of choices in the menu gives the customer insight into options and may provide a competitive advantage

Weakness

- Availability of limited capital holds the hand of the company. Still, to increase their brand awareness, they need money to invest in advertisements, billboards, ads, and even social media to reach more customers.
- Ingredients required for food are increasing day by day but selling the food at the same old price becomes tough for the companies, which becomes difficult to attract a price-conscious market.
- Lack of trust among the customers about the sanitation, ingredients they are using, and on the services as compared to a dine-in branded restaurant
- Many part-timers do delivery rider services that are not permanent, which affects the company when they leave this job and go-ahead for the better opportunity that affects its logistics.

Opportunities

- Some companies have their proper outlets for pickups to reduce the trust issues, such as Faasos and Fresh Menu.

- Inclusion of drinks and bar menu services with food may earn more customers and increase their sales.
- Expansion into other cities and places so that they can create a more significant customer base and increase their valuation
- They can even improve customer services such clearing the customer problems, providing proper solutions, increasing the logistic and improving logistic services.
- Seeing the present scenario, online food delivery services have gained the market rather than the restaurant and must hold the market by differentiating among competitors

Threats

- Competitive pricing may affect the companies when the competitors reduce the price.
- Not many companies can have their outlet due to funding issues
- Trust issues of customers can led-down the company as reviews matter a lot in online business
- Delivery of contaminated food may also risk the companies brand value
- Due to the economic slowdown, people may order fewer over apps which may affect the company's business and revenue
- The online takeaway and food delivery service market is comprised of many competitors. It has become challenging for online companies to differentiate their products and offer low prices in a competitive environment

Table 2. List of Indian Origin Cloud Kitchen Companies

Global operating companies	Financial investing ventures	Market share	Growth forecast
FAASOS, BEHROZ, OVEN STORY (REBEL FOODS)	\$125 MILLION funding raised from Lightbox Ventures II, Lightbox Expansion Fund, Sequoia Capital India, ru-Net South Asia, and RB Investments	Market leader in India with a market share of 70% (oven story)	Planning for outlets in different locations to increase their market presence and revenue Drone delivery services
BOX 8	\$ 27 MILLION funding raised from ewtp Ecosystem Fund, IIFL Seed Ventures Fund, Mayfield	One of the most preferred site to order meal and has been on high demand on Delhi, Mumbai, Chennai etc.	Planning for expanding in different location and increasing its customer base.

	Ventures, Indian Angel Network	Market is growing in a vast way	Creating shared kitchen bases with different restaurants
INNERCHEF	\$16.5 MILLION FUNDED BY Mohan Das Pai's Saha Fund, and M&A Partners, Taizo Son's Mistletoe Inc. And Das Capital	There has been slow down in market growth of Inner Chef from 24.81 to 25.7 %	They are raising capital so that they can have more kitchens in different locations and are preferring the locations which are not yet explored
FRESH MENU	\$ 6.5 MILLION RAISED FUND	They are one in their class and their market share is just after rebel foods and they are one of the most developing cloud kitchen services in India and their growth percentage is more than 28% annually	They are planning for more outlets in different cities as already they outlets which help them either deliver the food or pick up services are available which makes them unique One of the growing companies so OYO is planning to invest in inner chef and may acquire it which will increase the market share of inner chef by 50%

5 Conclusion

India is the land of spices, and after Bollywood, food is the second best thing anyone prefers. India has been one of the most preferred countries where investment over food has never been a loss-making sector for any company. Today, Millennials are either food freaks by eating at different restaurants or ordering food over food delivery apps from their favorite restaurants. In the present scenario, food delivery companies are one of the significant growth sectors in the world.

Many ventures are ready to invest in start-ups that are exceptions in the market and have shown growing status and can earn huge revenues in the future. Investors from India and outside, such as Canadian Ventures, Tencent Ventures, Ali Baba, Info Edge,

etc., have invested a lot of money in the food delivery start-ups in India. Due to these investment firms, our economy has also grown up and has shown signs of growing.

Food delivery services are right now on its peak time where the companies either try to bring down more and famous, small restaurants in the app to increase the variety of options for the customers and trying to improve the interface of the app to make hassle-free usage for the customer. Swiggy and Zomato are now on the top of the game, trying to increase their business and revenues into the cloud kitchen model.

The more they reach, the more the gain has pulled in the competitors to get the maximum customer and provide them the food they are craving. The more the presence and services provided to customers in different cities earn them more revenues and customers. Targeting geographic places helps them target the customers and helps them get to know the demand and helps in forecasting the scenario, and helps them plan strategies for the future.

The promotion has been one of the most essential and valuable tools to promote their app and brand awareness. Social media is one of the best ways to promote the app and create awareness about the product you are offering that helps solve the consumer's problems and satisfy the customer's needs. Loyalty programs run for the customer help customers get some benefits for ordering food from certain apps such as Zomato gold and Uber VIP.

Seeing the scenario, many companies use competitive pricing strategies to compete with the competitors and sustain the market. Pricing is one of the significant factors that can divert customer minds from switching one app to another, so pricing needs to do according to geographic locations and with restaurant tie-ups.

Many organizations have made a significant tie-up with many restaurants and grant them benefits such as reducing commission charges concerning competitors to gain the trust of suppliers and restaurants so that they can change the prices according to the time and scenario.

Due to Food delivery companies, many jobs have been created, including the delivery guys who have been earning a certain amount to run their families. Many companies have more than 30,000 delivery guys who make their logistic services fast and help them achieve their target by delivering the food in time which is the prime factor for any company. Having the best logistic services has quickly gained the market, such as Swiggy, Dunzo, Zomato, Deliveroo, etc.

Overall the food delivery companies have been implementing many strategies to increase their customer, revenues, and hold over the market. Strategies can be either to the Technology or promotion over social media and its methods, specifying who their target audience is and what innovative technology they are implementing to solve the customer problem and satisfy customer needs.

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