Research Project Report

"A STUDY ON THE USAGE, PERCEPTION AND AWARENESS OF CONSUMERS TOWARDS DIGITAL FOOD APP SERVICES"

FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENT

FOR THE AWARD OF

BACHELOR OF COMMERCE

UNDER THE GUIDANCE OF

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DECLARATION

I, DANYAL ALAM Roll No.17GSFC101041 student of School of Finance and Commerce, Galgotias University, Greater Noida, hereby declare that the project report on "A STUDY ON THE USAGE, PERCEPTION AND AWARENESS OF CONSUMERS TOWARDS DIGITAL FOOD APP SERVICES" is an original and authenticated work done by me.

I further declare that it has not been submitted elsewhere by any other person in any of the academic institutes for the award of any degree, diploma or course.

Name and Signature of the Student :   DANYAL ALAM

CERTIFICATE

This is to certify that the project report "A study on the Usage, Perception and Awareness of Consumers towards Digital Food App Services" has been prepared by DANYAL ALAM under my supervision and guidance. The project report is submitted towards the partial fulfillment of 3 year, Full time BACHELOR OF COMMERCE.

Name & Signature of Faculty: PROF. JYOTI DUA

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ABSTRACT

Services are intangible products where in there can't be any transfer of possession or ownership, and that they can't be sold but inherit existence at the time they're purchased or bought. Services cannot be kept or transported. Eg: Accounting, banking, cleaning, consultancy, education, etc. Digital services on the opposite hand are services that are anything which will be delivered through an information infrastructure like the web, in various forms i.e. Applications, Web pages, Social media, etc. In this analysis the major focus will be on the leading delivery apps that are offered either by companies for delivery purpose or by vendors themselves for various purposes like delivery, pointing system, in house app ordering etc. Consumer behavior is that the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their and needs . It refers to the actions of the consumers within the marketplace and therefore the underlying motives for those actions that take place. From this research report we might understand the shift of customer behaviors with the introduction of technology and what are the various sorts of applications that buyers are satisfied with and what makes them happy and satisfied about the service. The main objective of the paper is to know the relation between facilities and therefore the purchase behavior. Secondly to seek out the foremost popular app within the food delivery industry and understand on how have technology played a crucial role within the restaurant industry.

INTRODUCTION

Overview of Online food Delivery Industry: Online food delivery has emerged as one of the most fast-paced developments in the e-commerce space. This sector has revolutionised the whole outlook towards the food industry as consumers now have the privilege to settle on from a good sort of cuisines, anywhere, anytime from a range of restaurants listed online. Moreover, customer flexibilities in form of no minimum order value and various payment options like the internet banking, digital wallets and cash on delivery have further enhanced the convenience of all consumer categories. The growing urbanisation with easy access to smart phones has accelerated the growth of online food delivery system.

The future of the web food delivery sector in India are often gauged from the high investments pouring certain the large players Zomato and Swiggy, which have received huge investments from foreign investors. Zomato's valuation reached $1.3 billion with $200 million investment from Ant Financial. The investment is predicted to spice up its technology and expand its foothold globally. On the other hand, Zomato's close competitor Swiggy is not far behind with the latter raising funds from Chinese e-commerce company Meituan-Dianping and its existing investor Naspers worth $100 million. This will strengthen its market position, new services and merchandise offerings. Currently, the revenue generation is concentrated during a few big cities. According to the RedSeer analysis, the top 5 cities throughout India contributed more than 85% to the overall food orders volume (2019), with Bangalore leading the way with 32% shares, followed by Delhi NCR with the share of 20%. The survey shows highest 5 cities for online food orders in India. Bangalore, Delhi NCR, Mumbai, Pune and Hyderabad contributed approximately 40% to the gross merchandise value of the Indian e-tailing industry as an entire.

Potential And Challenges to the Online Food Industry: The online delivery market in India still in its early stages, companies are striving hard to sustain the market by offering competitive prices, discounts and reduction on delivery charges. These companies further compete with one another by providing speedy delivery and prompt after-sales services. In addition, partnership with restaurants providing superior quality food with high ratings is another factor that creates an aggregator stand out among others. The food delivery model is very hooked in to order volumes and thus companies are undertaking every possible step to spice up this aspect.

The biggest challenge thus remains the reduction of excessive costs incurred to enhance logistics and technology both at the front and therefore the rear, which, in turn, yield high order volumes. These have resulted in companies still running into losses in spite of the increasing sales revenue and consumer base. Zomato suffered a net loss of roughly INR 3.89 billion, with Swiggy closely behind at a loss of INR 2.05 billion.

DATA COLLECTION

Data collection methods: The success of any project or market survey depends heavily on the info collection and analysis. It is necessary that the info collected may be a reliable data so as to realize the research objectives. All data sources can be classified into two:

• **Primary Data**- Primary data is gathered from direct observation or data that is personally collected. It refers to that data which is collected for a specific purpose from the field of enquiry and are original in nature. For the project primary data were collected mainly through survey method, using the tool questionnaire. (50 individuals)

• **Secondary Data** are those which are already collected by others for a selected purpose and are subsequently used for application in several conditions. It is the second user information about an occasion that has not been personally witnessed by the researchers.

The use of secondary data saves time and money. The purpose is to increase the accuracy of analysis. Here the secondary data was obtained from-Various text books, registers, magazines, journals, Dissertations etc and websites of the Swiggy and Zomato.

Research Objectives

Objectives

1. To analyse factors affecting attitude of customers regarding food delivery Apps.

2. To find the most popular app in the Digital Food Delivery App.

3. To analyse the gap between the services promised and services actually delivered by the food applications.

Research Design

Research design is that the blue print for inquiry work that guides the researcher during a scientific way towards the achievement of the objectives. Survey method has supported the researcher to find the perception, usage, and awareness of food delivery apps among the customers.

Sample Design: Sampling design is imperative in every scientific study. Hence, decided to collect the data through multi stage Sampling.

Sample: A Sample of 50 customers both male and female drawn from nearby district have give back the duly filled up questionnaire Respondents have been taken as the sample size.

Tools for collecting data: A research tool plays a major role in any worthwhile research as it is the sole factor in determining the sound data and in arriving at perfect conclusions about the matter or study available, which ultimately, helps in providing suitable remedial measures to the issues concerned. In these unprecedented times because of Covid-19, the data is collected using google forms.
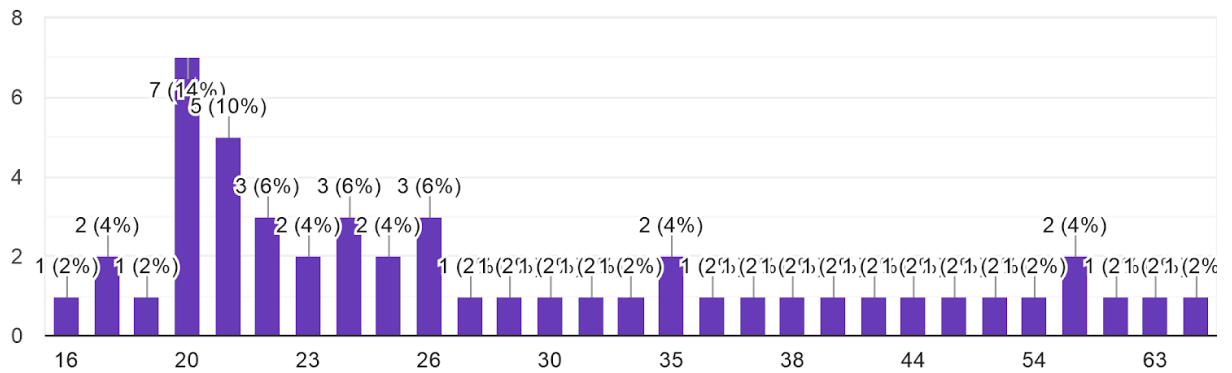
RESULT ANALYSIS

The Result Analysis consists of a survey conducted with the help of questionnaires. The questionnaire was filled by 50 individuals of different age groups who order food online on a regular basis.
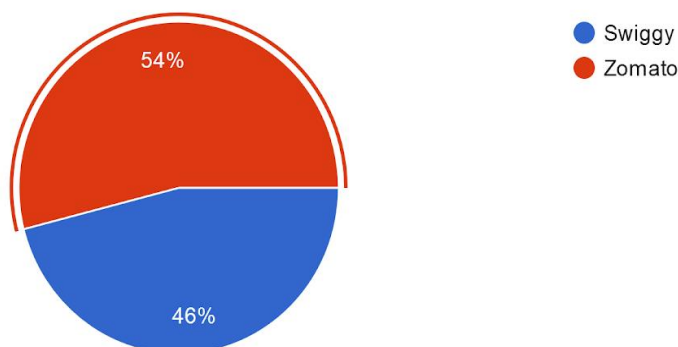
1. Age Group:

Age

50 responses

The questionnaire was filled by people with ages between (15-65). The maximum number of respondents are between the age 20-30.

2. Market Share of Swiggy and Zomato (Customer preference):
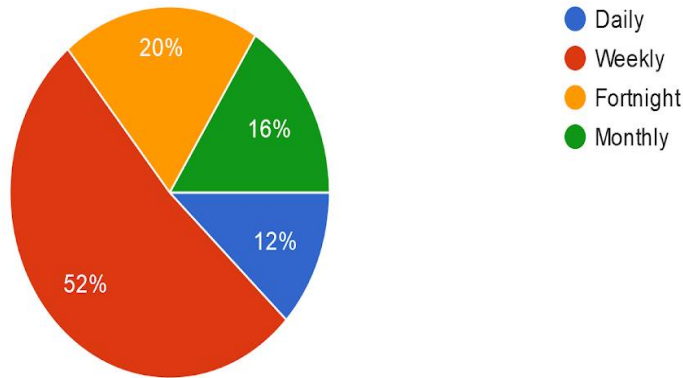
If yes, from which company do you prefer?

50 responses

Zomato has a larger customer base than Swiggy.

3. Frequency of Respondents ordering Food Online:
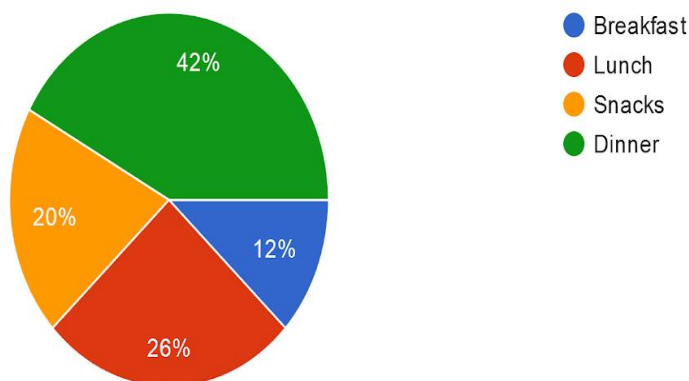
How often do you order food online?

50 responses

Daily
Weekly
Fortnight
Monthly

20%

16%

12%

52%

The maximum Number of people order food on a weekly basis.

4. Part of the day when the meal is being ordered/preferred by the respondents:

Which meal you typically order food online?

50 responses

Breakfast
Lunch
Snacks
Dinner

42%

20%

12%

26%

Most of the respondents preferred to order food at night for their dinner as this a time when one is free from all activities and can enjoy the meal. The respondents, especially the students on the other hand preferred to order food (Snacks) in the evening as their pocket can afford meals that are not that costly and abide by their budget.

5. The mode through which the respondents are more comfortable to order their food:

In general, how do you prefer to order food?

50 responses

- Over the mobile App
- Over the Web browser
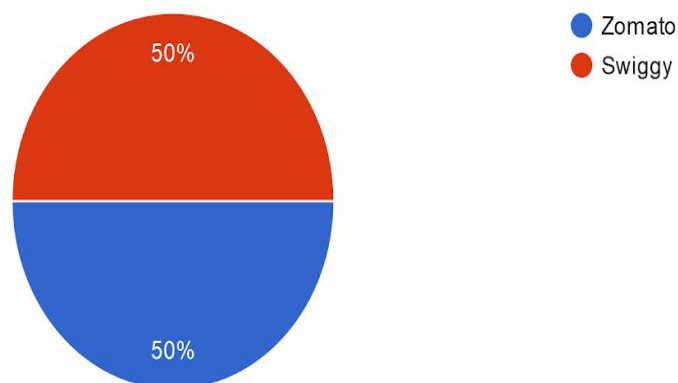- Others

26%

16%

58%
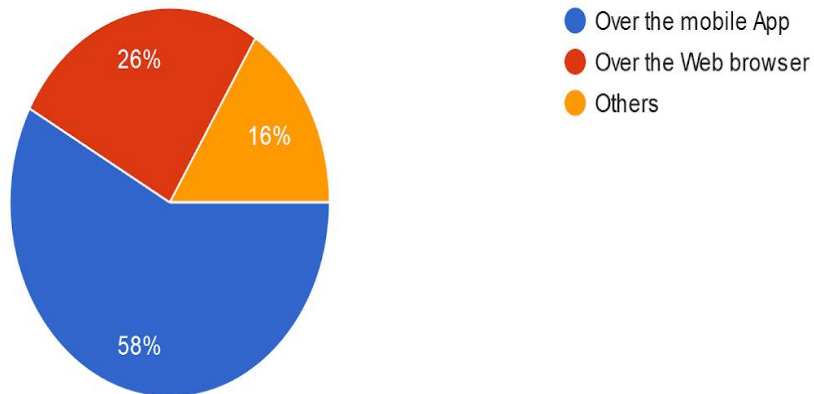
Mobile Apps is the most common/ popular place where the respondents have ordered food from.

6. Opinion of respondents on offer and ratings provided by Swiggy and Zomato for the restaurants:

In regards to Restaurants Offers and Ratings, who do you think is better?
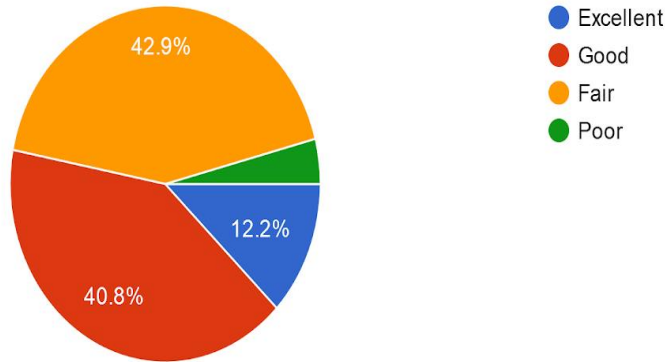
50 responses

- Zomato
- Swiggy

50%

50%

Both Swiggy and Zomato give ratings without any biasness as per the respondents.

7. The Delivery performance of Zomato rated by the respondents:

Rate the On time Delivery performance of Zomato.
49 responses

- Excellent
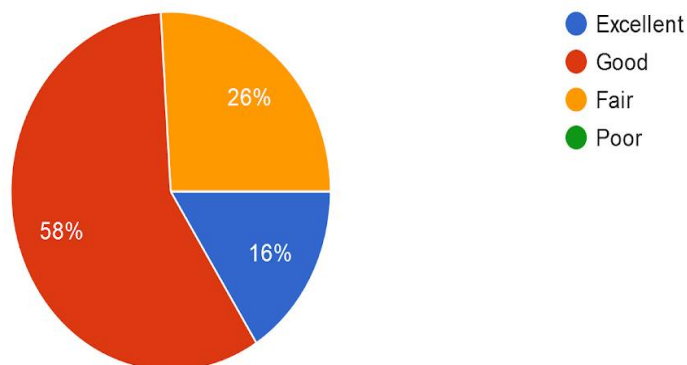- Good
- Fair
- Poor

42.9%
12.2%
40.8%

The rating is above average for Zomato's on time delivery performance by the respondents.

8. The delivery performance of Swiggy rated by the respondents:

Rate the on time delivery performance of Swiggy.
50 responses
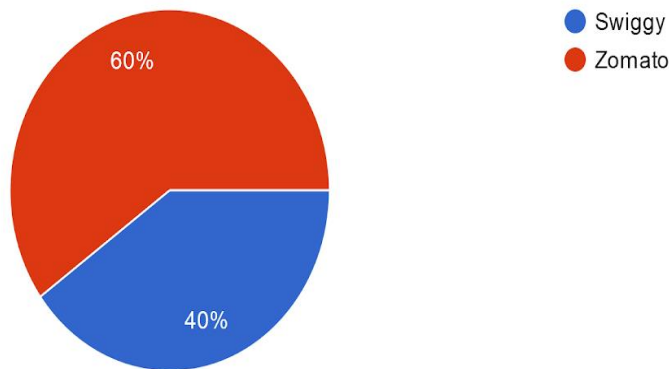

- Excellent
- Good
- Fair
- Poor

26%
58%
16%

Swiggy's on time delivery performance is better than Zomato as rated by the respondents.

10. The respondents were asked to rate the quality of the boxes and the packaging in which their food is being packed:

In regards to packaging who do you think is better?

50 responses

Swiggy
Zomato

60%

40%

The respondents chose Zomato over Swiggy for packaging as they had better quality boxes and other essential Items.

11. The respondents were asked to rate the behavior of the delivery boys of Swiggy and Zomato respectively:

The delivery boy plays an essential part in delivering, which of the two have trained their delivery boy's better?
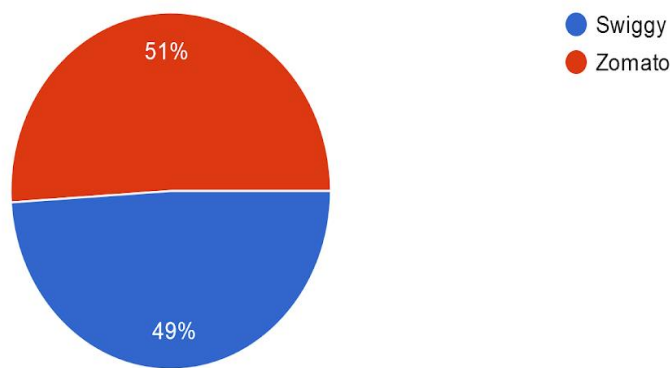
50 responses

Swiggy
Zomato

52%

48%
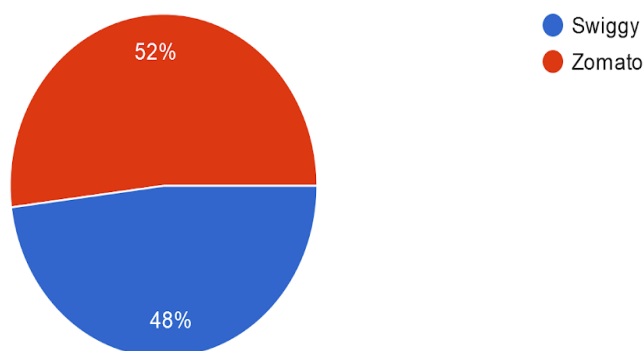
52% of the respondents said that the delivery boys of Zomato are better than that of Swiggy.

12. The respondents were asked about the refund policies and process of Swiggy and Zomato:

Who's Refund policies do you think is effective and customer friendly?
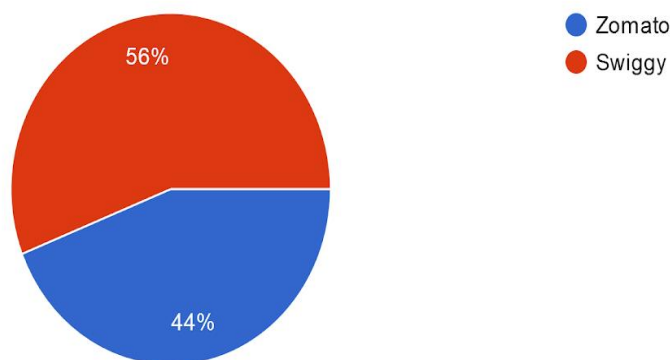49 responses

● Swiggy
● Zomato

51%

49%

The survey concluded that almost both have the same refund policies and were similar in many ways. Zomato without a doubt had an upper hand on this one and is a little more customer friendly as compared to Swiggy when it comes to refunding within a specific time period.

13. The site plays a vital part in online delivering, the web page or the app leaves an impression in the mind of customers about the company, the respondents were asked to answer on this:

Who's web page do you think is better and more attractive?
50 responses

● Zomato
● Swiggy

56%

44%

The web page of Swiggy is more attractive and better if we compare it to Zomato as per the respondents.

14. The respondents were asked to rate the cancellation policy of Zomato:

In regards to Cancellation, How would you rate Zomato?

48 responses

- Excellent
- Good
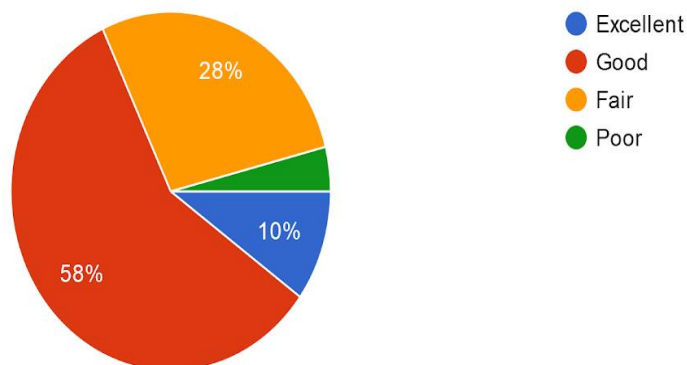- Fair
- Poor

31.3%

12.5%

56.3%
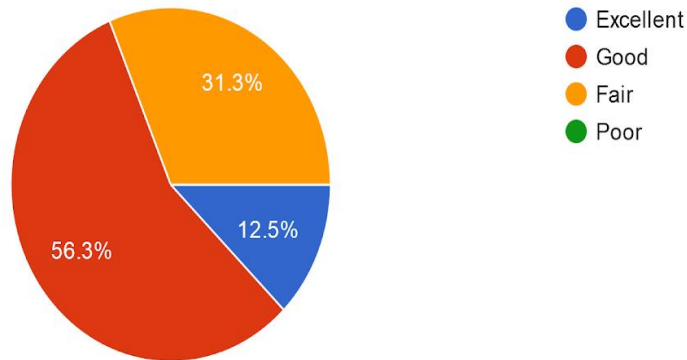
The cancellation Policy of Zomato is quite good and is somewhat better than Swiggy as per the survey.

15. The respondents were asked to rate the cancellation policy of Swiggy:

In regards to Cancellation, How would you rate Swiggy?

50 responses


- Excellent
- Good
- Fair
- Poor

28%

10%

58%

In regards to cancellation Swiggy needs improvement, as few rated its cancellation policy as poor and only 10% of the respondents rated it Excellent. If we compare Swiggy and Zomato, Zomato has a better Cancellation Policy as compared to Swiggy.

16. The respondents were asked to give their opinion whether the Culture of Eating-Out could perish with time:

Do you think these Food Apps can replace the traditional Culture of Dining out?

50 responses

- Yes
- No
- Maybe

32%

56%

12%
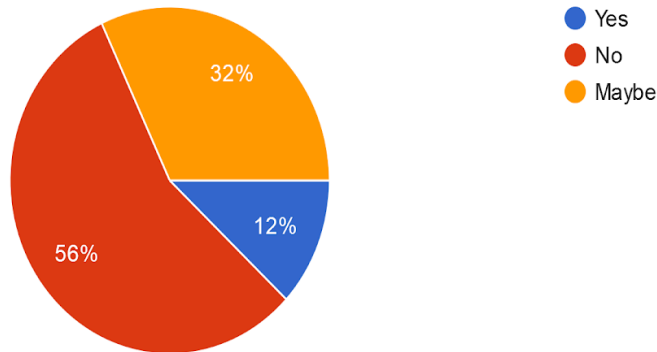
Most of the respondents felt that Dining-Out will never perish and around 32% were not sure, so by this one can say that it might be very difficult for Online Delivery Apps to completely take over the traditional culture of Dining Out.

17. The respondents were asked about the scope of these Apps and do they think these Food Delivery Apps have a bright future ahead for themselves:

Do you think these Apps could be much better in Future?

50 responses

- Yes
- No
- Maybe

42%

22%

36%
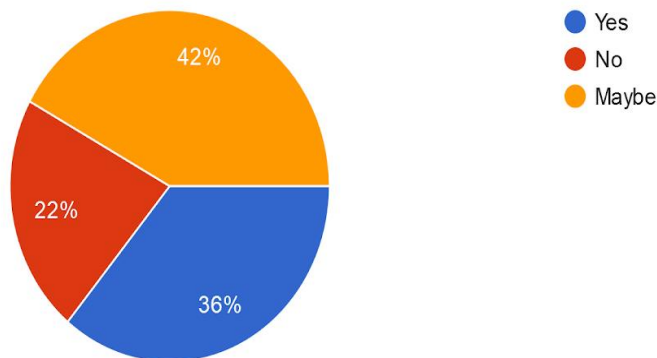
Most of the respondents were positive that these delivery apps have positive outlook and have the potential to stand out well in this competitive market and will become a prominent industry in near future

FINDINGS

Using the Primary and Secondary data, the following outcome has been derived:

1. People between the age group of 15-30 years were using the online food services more than any other age group.

2. Most people use food online services because it provides offers and discount so as to avail such offers they use it.

3. Zomato is the most popular food app which is preferred by customers.

4. People mostly choose local restaurants while ordering food.

5. The average spending by a customer on these apps monthly is approx 15% of their income and mostly people use for lunch and dinner purpose.

6. The people mostly use such apps for ordering food once in a week.

7. The maximum limit set by the consumers is Rs 500-1000

8. The most used payment method is online payment, although people also prefer cash on delivery at times.

According to the study it was found that food ordering by mobile apps is quite popular amongst the natives residing in metropolitan cities, as more than 50% of the survey respondents have used a mobile app for food ordering in recent time. As urban professionals are rapidly increasing and due to this constant infusion of professionals, the delivery and restaurant size is now thriving at an intense pace in the Indian landscape.

A strong sense of support in this scenario is the reason of growth in the number of smart phones and food delivery apps. Food delivery apps have become quite popular across India. There are numerous food delivery apps in India that can download on smart phones to order food on the go and from the comfort of homes. The present study found a significant relationship between demographic factors influencing food ordering from delivery apps.

In a nutshell, value, ease of use, social norms and pressures, resources available to the individual, hedonic motivation, perceived price value, previous experience, and habit are the factors that majorly influence the behavioral intention to use mobile internet technology.

SUGGESTION

Based on the findings of the study the following suggestions are made here for Swiggy and Zomato:

1. Clear Communication: Phone ordering is still used, but online ordering has become more prevalent. This is because phone order has the prospect of your staff inadvertently take down incorrect orders or the staffer was unable to know what the customer is trying to elucidate. Train them to be polite with the purchasers and make sure that they take down correct orders.

2. Provide exceptional service: Providing awesome customer experience is not limited to serving them delicious food; it should also be extended to your restaurant delivery orders:

• **Ensure the food is hot:** Hot food makes the customer believe that it is a fresh food. This can happen once you keep track of the proper delivery time and make sure that the orders are reaching customers on time. Provide your delivery boys with food bags that keep hot things hot and cold things cold throughout the delivery time. Items like beverages and frozen dessert, use solid in order that they keep and frozen.

• **Package food safely:** Take precautions that food doesn't spill and get messes up in the container as it will appear unappealing and less appetizing. You can try out a different packaging technique and take advantage of spill free containers for delivery orders.

• **Give attention to add-ons:** The entire ordering experience has got to be convenient and fulfilling for the purchasers. Therefore, make sure the apt condiments, napkins that are to be provided along side the orders.

3. Travel recommendations: A partnership with the travel segment should serve your customers well. Think MakeMyTrip, Yatra and more. As a tourist one is keen to discover new restaurants to eat and looking for recommendations. It will be fantastic to get that information right up. Book a package and with it get recommended restaurants. Perhaps even show some deals into the package itself.

4. Events: Yes, think category. Shouldn't everything food be there at Zomato. Now I don't mean be everything to everyone, but listing food events & walks is not too off. Book My Show and or other event platforms could be great partners. Cross app traffic integration.Win-Win situation for both the apps and business.

5. Split the bill: Now assuming you are going the mobile wallet route why not solve for a common problem that of splitting a bill. Pay for what you order. Place the order on the app and get your bill. No bad debts.

6. Home cooked food: You recommend restaurants but then there is a market for home cooked food, not quite organized agreed but could do with the right user base. There are plenty start ups but do they have scale? Food for thought?

7. Loyalty: Now you are not into a loyalty program but in this day and age of decreasing attention span some form of reward is good. Don't read this as screaming a discount, How about Gourmet Club invite for power users? Occasions I am likely to dine out, Birthdays & Anniversary are no brainers? Make my date special, make group check-in count. Take a leaf out of American Express.

Both Swiggy and Zomato need to keep this in mind that the customers are their priority and these suggestions if flowed properly will not only increase their goodwill and market share but can also take this industry to a next level. Some the restaurants are not that willing to keep up with these suggestions, so strict supervision is required.

CONCLUSION

The meaning of food tech has changed over the years. Earlier, it referred to food processing and the technology used for its manufacturing. Now, it pertains to the web food ordering and delivery services market. Adequate funding and investments during this market space have enabled companies to supply online food delivery services that haven't been seen before.

The popularity of online food delivery services are often attributed to the several benefits it gives, like food delivered to the doorstep of the consumer, various payment methods, big discounts, great rewards, and cash back offers. Restaurants and cafes also find it profitable to sell their food through online platforms since it reduces a big amount of operational overhead costs. College students, working partners and office goers are the key target audience of food tech companies.

More than 70% of the orders that come on these online food delivery platforms are from the highest five Indian cities, out of the 25 where they're active. The online food delivery market in India (2018-2023) takes a glance at the present market scenario, its segments, drivers and deterrents of scope, investments, the competitive landscape, and recent developments.

Key growth factors:
• Higher disposable income, families with Double-Income-No-Kids (DINKS), a greater number of people with access to internet, and increased smart phone are some of the major factors that are leading to the expansion of the web food delivery market in India.

Key players:
• Swiggy and Zomato are currently among the top-rated food ordering aggregators operating in the Indian market.

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