



To Ascertain the Potential and Difficulties Facing by India's Online Food Delivery Business

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Abstract

Due to significant advancements in information technology and the widespread increase in internet usage by the general public in our economy, traditional business models are no longer a profitable aspect of organisations. The web-based food delivery (OFD) service is a recent development in India's food and beverage business. These are the most widely used forms of internet marketing, giving customers the ease to purchase prepared meals. According to the AIMS Report, e-commerce is growing rapidly in the online food sector as well, with projections of \$2.7 billion by 2019 (especially after the effects of COVID). This study aims to examine the potential and difficulties that digital food service businesses face, as well as to forecast the growth of the online food industry in India.

Keyword: Technology, economy, food delivery, food sectors, difficulties.

Introduction

The Online Food Delivery market contains the user and revenue development of two different delivery service solutions: (1) Meal Delivery and (2) Grocery Delivery. Meal delivery includes the delivery of meals carried out directly by restaurants (Restaurant Delivery) and online delivery services that provide customers with meals from partner restaurants that do not necessarily have to offer food delivery themselves (Platform Delivery).

Now a days providing ready-to-eat food from restaurants to homes is changing drastically, as new online platforms allow food companies to reach new customers and frequent patrons. Next to groceries, meal delivery turned out to be an attractive sector for Indian e-commerce businesses (Nougarahiya, S., Shetty, G., (2021). A quarter of food items sold through restaurant chains and fast-food outlets worldwide are delivered by food delivery services. These meal delivery businesses turn a profit of up to 30% even with rising travel and vehicle maintenance expenses (Mckinsey, (2016). The Indian market for online meal delivery, which includes online restaurants and aggregators, has grown dramatically in the last several years. Due to intense competition in

the industry and the rise of online food ordering through digital platforms, company owners and entrepreneurs were aware of this. Prominent "food aggregators" such as Zomato, Swiggy, Food Panda, and UberEats are supplying Indian cities with food virtually and generating respectable profits. The logical Indian customer can directly compare the costs and ratings of other food outlets and restaurants providing the same dishes using a variety of food delivery web portals and mobile apps, and can select from a wide range of possibilities (Gera et al., 2018). Digital meal ordering platforms facilitate speedier decision-making for clients by providing an extensive selection of food options, ratings and reviews, and more effective order processing (Alghamdi, S. Y., Kaur, S., & et al., (2023). Given the early stage of this business in India, the current study sought to investigate the potential and challenges faced by online food service providers.

Online Food Retailer in India

The Indian food business is poised for rapid expansion, with an annual increase in its share of the global food trade (Neves, M. F. (2014). Ranking sixth in terms of production, consumption, export, and projected growth, the food processing sector is one of India's biggest businesses, making up almost 32% of the nation's overall food market. The global online food delivery services market size is anticipated to reach around USD 314.3 billion by 2032 up from USD 59.8 billion in 2022 with a CAGR of 18.1% between 2023 and 2032 (Press releases, 2023). This development is primarily the result of China and India. In terms of GDP, employment, and investment, the food processing sector is a significant part of the Indian economy and will likely play a significant role in the growth of the nation in the near future (Gandhi, V. P., & Zhou, Z. (2014).

In India, a number of online food vendors were in operation, offering anything from packaged food to delivery of groceries. The demands of busy city dwellers are met by online food ordering, as users submit their requests online and receive delivery in a matter of minutes. Well-known companies like Swiggy and Zomato, have garnered significant capital, while ride-hailing services Uber and Ola are also drawn to this market and have begun to grow their operations in tandem with Swiggy's growth. The internet is discovered to provide amazing opportunities for tailored advertising (Plummer, J., Rappaport, S. D (2007). Previous studies on food requests have looked at the factors that generally influence trust, fulfilment, and loyalty while dealing with disengaged customers (Chakraborty, D. (2019). This report demonstrates how quickly Indian online food service marketing has expanded in the last few years.

Market overview

- It is expected to show an annual growth rate (CAGR 2024-2028) of 16.95%.
- The Online Food Delivery market in India is projected to reach a revenue of US\$43.78bn in 2024.
- India Online Food Delivery Market will surpass US\$ 29.33 Billion by 2028 to chasing the US\$ 5.30 Billion in 2022.
- January 2023, Top online food delivery market players Swiggy, Zomato, McDonalds, Dominos, Uber recorded orders in volume of 3.8-4 million per day.
- Delivery time dropped to 40 minutes in FY 23 vs 42 minutes in FY 2021

Literature of Review

According to a study by (Ha, J., & Jang, S. S. (2010), factors including the physical atmosphere, meal quality, and service quality all have a beneficial impact on customer happiness. He continued, saying that client happiness has a favourable impact on behavioural plans and that the standard of service was determined to be the most significant aspect of the eating experience aspects that affect customer satisfaction. As per view of (Hussain, S., Guangju, W., 2018) has found from his research that friends' and family's opinions, as well as reviews and ratings found on internet forums, have a significant impact on people's decisions to buy food online.

The survey also showed that positive recommendations from previous clients, experiences, and online forum conversations have a significant impact on consumers' decisions when it comes to online grocery shopping. (Singh, R. (2019) stated that, in contrast to offline dining, clients in the online meal ordering sector swiftly transfer to competitors in the event of unhappiness, and they recommended that fostering successful customer relationships requires a high degree of customer loyalty. Discount offers, a wide range of menu options, free delivery to your door, application user-friendliness, paying with cash options, and exclusive services are the key factors that influence customers' decision-making process when placing an online food order, according to a survey by (Sathiyaraj, Santosh, and Subramani 2015).

According to a study by (Girard, T., Korgaonkar, P (2003), a person's attributes, including their gender, age, education, lifestyle, and level of education, among others, significantly impact how they choose online buying.

Objectives of the Study

- To research the potential for Indian market-available online meal delivery
- To examine the different difficulties that our country's online food service businesses face.

Research Methodology

The study is centered on a thorough analysis of secondary data that was gathered from numerous books, national and international journals, reports, and publications from websites that are devoted to Indian online meal services.

India's Online Food Service Industry Potential Factors

The size of the global online food delivery market was estimated at USD 152000.0 million in 2021 and is projected to grow at a compound annual growth rate (CAGR) of 10.98% to reach USD 284000.0 million by 2027. This study examines several factors that contribute to the expansion of food delivery websites in our nation. The different factors listed below are positive indicators for food delivery services:

Business Opportunities- Presently, India stands as one of the world's largest consumer marketplaces, with its youthful population and ranking as a top most populous country in the world. The age group with the greatest cravings for fast food is those under the age of 20 to 32, which makes up over 60% of the Indian population. Online food service providers have

enormous potential, not just in Metro cities but also in other cities too, which draws a lot of exciting entrepreneurs from this space.

Growth in Revenue Availability for Spending- Numerous youthful Indians who are gainfully engaged in lucrative fields like information technology and retail have upgraded their lifestyles and increased their spare income as a result. This causes a discernible shift in the social environment, which also accelerates the development of fast food goods. Therefore, one of the main factors boosting the expansion of food stores in the country is the younger generation's increased ability to spend.

Alteration in the socioeconomic structure- According to past centuries, there has been a significant increase in employment for women. Working women often struggle to find time to cook on their own. Working women often spend a significant portion of the money they have left over on takeaway and eating out. It's another potential for the food and beverage industries in our nation.

Improvements in standard- Increased discretionary income and changing demographics among women have led to Improvements in standard. Families are becoming more nuclear, leading them to rely on takeaway restaurants to save time for family activities. As a result, changing lifestyles create opportunities for online meal businesses.

Difficulties and Constraints to Success for Online Food Service Providers

A shortage of Expertise- Despite the fact that most Indian consumers use mobile devices with an internet connection, many are unknowing of available mobile applications to meet their needs. This is a key barrier to the growth of the online food business.

Time consuming service- Online food companies are primarily concerned with service time and location. If food is not delivered on time, customers may be dissatisfied with the service provided via online meal delivery channels, thus leading to future customer loss.

Extra chargeable- Customers may overspend due to promotional incentives, reducing their disposable income.

New Implements in industry- As our country is a diverse cultural hub, internet food service providers have the issue of providing multi-cuisine options while maintaining high food quality standards. Meeting consumer needs is a challenge for online food service businesses.

Indian food delivery sector in upcoming years- This novel structure of online ordering and home delivery has attracted a large number of clients. Orders began to increase every quarter of the year, and notably, businesses in food delivery companies, into the nation's metro cities. However, this business model must still expand into semi-urban and rural areas. Online food retailers thus have a huge growth opportunity; the only thing standing in their way is having to adjust to the diverse tastes and preferences of their clientele.

Conclusion: The average Indian's changing urban lifestyle is advantageous for online meal delivery services. The businesses that distribute meals have immediate prospects because of the

congested, ever-growing cities. Businesses are monitoring this enormous potential market and waiting for the right moment to enter it. Businesses that maintain a strong brand and value proposition in the eyes of consumers will dominate the Indian online meal delivery market.

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