

A Study on Impact of online food ordering through Shopping Apps in Semi-urban markets, Thoothukudi.

S. Sivasubramanian

Associate Professor, Department of MBA, Dr.Sivanthi Aditanar College of Engineering,
Tiruchendur, Tamil Nadu, India, sivaspmgt@gmail.com

ABSTRACT

With the increasing pace of globalization and tourism the online food ordering has become one of the major concerns of public utility. The rapid urbanization, Economic downturn, rising job tension and lower take-home in the recent decades has led online food ordering or take out from the vendors to cater their needs. Market-level data are used to estimate demand for time periods, incorporating changes in availability as well as prices, income and various demographic characteristics. Mobile technology has the potential to influence the fast-food industry - a powerful tool for making ordering more convenient, boosting customer loyalty and wider choice of food items. The availability of online apps finds greater availability that has led to increased consumption. Failure to account for these types of marketplace changes could lead to incorrect inferences regarding the factors responsible for the industry growth.

Keywords: fast food, online ordering, food delivery app, payment methods

1. INTRODUCTION

Online food ordering is the process of food delivery or takeout from a local restaurant or food cooperative through a web page or app. Much like ordering consumer goods online, many of these services allow customers to keep accounts with them in order to make frequent ordering convenient. A customer will search for a favorite restaurant, usually filtered via type of cuisine and choose from available items, and choose delivery or pick-up. Payment can be amongst others either by credit card, Paypal or cash, with the restaurant returning a percentage to the online food company, rapid urban population growth, pay give rise to Online food ordering from food vendors services to be stretched beyond their limits, resulting in inadequate

supplies of potable water, sewage disposal and other necessary services. Food legislation, regulation and enforcement have constantly failed to reflect the changing circumstances and incorporate them into town planning to ensure sustainability of street food vending and hence its contribution to sustainable development. The informal sector covers two groups of labour market activities. It is formed by the coping behaviour of individuals during economic downturn and rising unemployment. The informal sector can also be a product of rational behaviour of innovative entrepreneurs that seek to escape government regulations and registration of business enterprises.

2. ONLINE FOOD RETAILING

In the past the food retailing has served as the backbone and it will continue to do so. With an estimated market of USD 325 Bn, the food segment is the single largest retail category & accounts for almost 70% of the total retail market in 2017. The organized retail segment for food is estimated at USD 9 Bn and accounts for ~70% of all organized retail. India serves as a land of opportunities for organized formats, with a brewing billion plus population supporting a high & middle income class segment that offer assortment of brands and fresh produce at similar or little higher rate store offerings down the path.

KPMG in its report said that “Evolution of innovative food processing capacity, emergence of organized retail and change in consumption patterns along with fast changing demographics and habits is fuelling the next growth trajectory for the food industry in India.” Depending on catchment, spending power, proximity from major residential and consumption clusters the organized retail supports different formats of outlets. The organized retailing’s offline mode is majorly categorized into Hypermarket, Supermarket, and Convenience Store depending on the surface coverage & product range. A typical hyper store is categorized with 25,000 items and 30,000 plus sq. ft area, super market ranges from 5,000-30,000 sq ft & 15,000 items & convenience store comes below 3000 Sq. ft comprising of 5000 items portfolio. The concept of “all under one roof” has gained popularity & acceptance in India, though some of them do not exist anymore due to operational issues and infrastructure constraints. A few new formats like kiosks and travel retail are the fostering platforms in organized retail space but these are very specific to food service segment. Online mode of food retail seeded in the last year but it has attained a niche to niche segment limited to big players in the market namely, Hyper stores in India, major players expanded their stores covering

Spar in retail & Best price in cash & carry space. The super market & convenience stores have seen a pause in scaling up from major retailers. Almost recovered the economic slowdown but the retailers invested wisely on only profitable formats. Retailers concentrated on reshuffling the store layouts and new marketing communications aspects to attract additional customers in the existing outlets followed by launching new stores in new geographies. For the top retail categories (including food), almost 50% of the retail stores are present in top cities. Based on the digital development in all operations Online Shopping also entered into the rural and Semi-urban areas via internet or mobile applications.

In the decision matrix illustrates the expectations and aligned attributes with different formats of food retailing, as Indian consumer associates different aspects with each format of store.

2.1 Consumer Decision In Online food ordering

Occasion	Expectations	Key Aligned Attributes	Target Formats
Routine Shop (Bulk)	<ol style="list-style-type: none"> 1. Value for money 2. Freshness 	<ol style="list-style-type: none"> 1. Price 2. Quality & Variety 3. Convenience 	Hypermarkets
Festive Shopping	<ol style="list-style-type: none"> 1. Specific Product Purchase 	<ol style="list-style-type: none"> 1. Choices & Variety 2. Price 	Single Specialized Stores
Top up	<ol style="list-style-type: none"> 1. Freshness 2. Convenience 3. Grab and Go 	<ol style="list-style-type: none"> 1. Quick 2. Range 3. Fresh Quality 	Supermarket/ Convenience

2.2 Associated Aspects In Online food ordering

Stores	Likes	Dislikes
Hyper Store	<ul style="list-style-type: none"> • Space • Choice • Value • Range • Exploration • Payment modes 	<ul style="list-style-type: none"> • Large and overwhelming • Budgets goes awry • Not for urgent needs
Super Store	<ul style="list-style-type: none"> • Reliable • Acceptable variety • High quality • Fixed prices • Convenience 	<ul style="list-style-type: none"> • Limited choice • Limited product Line
Convenience Store	<ul style="list-style-type: none"> • Urgent needs • Quick & Daily dose in small Packages • Less travel time 	<ul style="list-style-type: none"> • Very limited choice • Absence of touch & feel • Lack of schemes & promotion

Majority of consumers still prefer kirana outlets, however there is a slight shift towards modern supermarket/organized formats with a desire to have branded food. Organized retailers are facing challenges from leading brands and competition from local mom, besides various infrastructural constraints and operational challenges. To deal with these private labels evolved as the mid-way. Wide acceptance from consumer boosts the emotion of organized retailer to sell better quality products at low price. Quality is the key factor which binds the sale of private labels, as the consumer does not mind paying a bit extra for good branded quality. In coming years big brands are going to witness a tough challenge in terms of product offerings and pricing. Noodles, juices, breads are some of the key categories in which private label is flourishing, with similar products within same price range in comparison to big players. Food retail in organized sector has attained a prominent place, which is going to flourish in the coming years despite of the fact that the operations are restricted to metros. Unless value for money is captured from retailers consumer will remain a tough nut to crack. Consumer still represents the king's position and opts between organized/unorganized store formats & branded/private label products.

3. HURDLES IN ONLINE FOOD RETAILING

3.1 Demand Aspects:

1. **Keeness to Travel:-** Retailers will have to motivate the consumer to trade convenience with price, range and ambience considering in mind the current density of shopping apps in India
2. **Value Consciousness and inclination towards Fresh/Homemade Food:-** The Indian consumer prefer freshly cooked food over packaged food, because of the factors such as dietary patterns, poor electricity supply, low penetration of refrigerators and a family structure. A TSMG study indicates that packaged food players need to drive down prices by almost 35-40% in order to compete with homemade food as the Indian consumer is extremely value conscious.
3. **Miscellany of Tastes and Preferences:-** Foreign players are facing challenges on ground of multiple cultures, languages and religions that have a enormous bearing on the tastes and preferences of the Indian consumer.

3.2. Supply Aspects:

1. **Competence and Sourcing Base:** It is difficult for retailers and food processors to procure quality produce at competitive costs directly from farmers because of the fragmented agri supply base coupled with an inadequate legal framework, besides the small size of the food processing industry that limits the supply options.
2. **Availability and Cost Factor in Real Estate:-** With factors like adequate parking, ambience and proximity being the key drivers of footfalls, availability and cost factor in real estate will continue to remain a challenge in the retail industry.
3. **Availability of Manpower:-** There is expected to be a shortage of skilled manpower with the expansion of online retail. Lack of institutions and courses in retail management will have an impact on the overall supply of quality manpower.

4. BUDDING TRENDS IN ONLINE FOOD ORDERING

1. **Augment of Health and Wellness Segment and Organic Foods:-** Owing to factors like increased disposable incomes, changes in lifestyle patterns, shift in age structure, increased number of working women etc., consumer attitudes and preferences are undergoing a change. As a result there would be emerging opportunities for organic foods and wellness products in the coming years.
2. **Focus on Growth of Private Labels:-** To generating footfalls discounts and promotions are expected to play a critical part in the phase of increasing competition in the organized online retail market. Organized players will find it more attractive to promote private labels or store brands given their higher margins at the same time to counter the impact on profitability.
3. **Large Becoming Gigantic:-** Higher bargaining power leads to better margins besides economies of scale. Considering this aspect many players are entering the online space in India which has resulted in rapid expansion and growth

5.GROWTH OF ONLINE SHOPPING APPS IN SOUTH TAMILNADU, THOOTHUKUDI

Thoothukudi District is situated on the coast of Bay of Bengal in the extreme Southeastern corner of Tamil Nadu, India. It covers 4621 Sq.Kms. It has the second highest Human Development Index in Tamil Nadu next to Chennai. Major Educational establishments in the city include Thoothukudi Government Medical College, Marine Training Academy, V.O.C. Arts and Science College, Government Polytechnic College, Anna University, Fisheries College and Research Institute. Thoothukudi Port is one of the Fastest growing Major Ports in India. It is an "Emerging Energy and Industrial hub of South India. It is known as "Pearl City" due to the pearl fishing carried out in the town. It is one of the sea gateways of Tamil Nadu. It is also one of the major seaports in India with a history dating back to the 6th century AD. It is administered by a Municipal Corporation covering an area of 90.663 km² and had a population of 237,830 in 2011.

5.1. Industry

The boom in the industrial sector has put the district prominently in the country's industrial map. Heavy industries like SPIC, TAC, HWP, DCW and Thermal Power Plant promise hope for a bright future. Hundreds of ancillary units have also sprung up. Textile units and match industries crowded in the Kovilpatti belt. Thoothukudi Port is garnering an important position in the southern part of India. During this year, 6520 vessels entered this port and cargos to the tune of 166.19 tones are handled. Exports of certain raw materials and finished products are shipped to for about twenty foreign countries. The port has been issued the prestigious ISO 9001:2008, ISO 14001:2004

certificate for the 78 port operation and services and had joined the select group of World ports by becoming the first Indian major port to get such certificate.

With the development of technology, people look over mobile app for every work to be done. From paying online bills to buying products everything being ordered from mobile apps. With huge number of young professionals in the big cities people can't find much time to prepare food. Here comes **Food Delivery Apps** to make the job too easy.

Downloading the app from play or App store, register into the app. Selecting the menu to place food delivered to your doorstep. Most of the young IT professional and other office goers found this method too easy to place food order online which save them huge time. **Online food delivery** website and mobile application much popular in Indian cities like Bangalore, Chennai, Hyderabad, and Mumbai. Best Food Delivery Apps in India -Swiggy, Zomato Order, Uber Eats, Foodpanda , Domino's Pizza Hut, JustEat, Faaso's, TastyKhana, and FoodMingo.

In Thoothukudi "**Sippy**" A step forward to Thoothukudi to make a Smart City. Now they are here to serve the food to the doorstep orders. They organized with many hotels in Tuticorin and are ready to deliver on time.

6. CONCLUSION

The companies selling product online should try to retain their current customers and focus on attracting the non-users by making them aware of benefits like convenience and authenticity of products delivered to them online. The study states that still people in India are reluctant to buy products online w.r.t authenticity. The companies should make people believe that the products sold to them are genuine and if in case, products delivered to them are damaged or spoilt, they would immediately get it exchanged or replaced .The customer should be made aware of other benefits of shopping online like on time delivery and discounted products than local retailer.

REFERENCES

1. www.thoothukudi.tn.nic.in/administration.html dated August 14, 2014.
2. https://en.wikipedia.org/wiki/Thoothukudi_district dated March 11, 2014.
3. ecourts.gov.in/tn/thoothukudi dated December 8,2014.
4. Verma & Munjal (2003), "Online Shopping in India: Findings from a Consumer Research", Marketing Mastermind, Vol. 5, the ICFAI University Press.
5. Rainne,(2002) Consumer behaviour. Publisher:Prentice Hall.