

A STUDY ON DIGITAL MARKETING STRATEGY TOWARDS FOOD DELIVERING APPS DURING PANDEMIC

¹Kaviya.B, ²Kiruba Gladis.L, ³Lavanya.V.K, ⁴Mythreyi.R

¹1st year MBA, ²1st year MBA, ³1st year MBA, ⁴1st year MBA

Panimalar Engineering College

Chennai

Abstract:

Digital marketing has improved in India with a higher rate. There are so many companies in India that are using digital marketing for competitive advantage. The main objective is attracting customers and allowing them to interact with the brand through digital media. This paper focuses on the digital marketing strategies for both marketers and consumers. Every company has their own strategies. In this paper we have studied and compared about the strategy of food delivery companies mainly consisting of Swiggy and Zomato.

Keywords :

Digital marketing, strategies, Swiggy, Zomato, Covid impact.

1. Introduction:

Marketing is the set of activities in which the company promotes their products and services to sell to their customers by advertising and delivering. Due to the advancement in technologies, we started marketing through the digital platform. Digital marketing is nothing but promoting and selling products by online marketing strategies and tactics using social media marketing, content marketing, Pay-Per-Click advertising, video marketing, search marketing and email marketing to reach the target consumers. Through digital marketing we can find the people's choice of interest and their needs on various commodities prevailing throughout the world. This digital way helps to interact with the customers and build trust about their brand in an easy way.

1.1 Objectives:

A study about the digital marketing strategies of Swiggy and Zomato, its comparison and the covid's impact on food deliveries.

1.2 Review of Literature:

“We were looking for greater awareness of our brand and ultimately increase conversions. Their outreach strategy yielded results almost instantly! The content marketing program brought a new audience to our brand and increased sales by 130%. DigitalMarketing.com has the expertise, commitment, and resources to accomplish great things for great companies and great for a business like ours that needed a modern lead gen that works.”

– David B., CIO, eCommerce

“We wanted a more media-diverse and sophisticated online presence, and we got it! The team helped us develop an innovative, data-focused strategy to integrating many categories of content onto our site — and restructured our ad solutions for better performance. Improvements are in double digits after less than a year, and we're getting strong feedback about our content and site experience. I'd recommend DigitalMarketing.com to anyone who wants to develop strong multi-channel content!”

– Megan S., CEO, Retail

“Our brand was seeking effective solutions for producing more engaging and relevant content across multiple channels, and DigitalMarketing.com gave us the support and solutions that yielded tremendous results. They increased engagement by 200% and conversions by 91%. The team is unfailingly professional and easy to work with, and respond to our questions quickly and directly.”

– Roger L., COO, Automotive Sales

“We decided to significantly increase our marketing investment to reach a younger market. We need to uncover tech-savvy targets with an efficient service sign-up strategy for acquisitions. The results wildly (very wildly!) exceeded our expectations, with significant performance improvements across all relevant metrics. We appreciate DM’s passion and results-driven approach, and view them as a part of our team.”

– Michael W., CEO, Banking/Finance

“DigitalMarketing.com continually amazed us by their in-depth knowledge commitment to producing quantifiable results. Our website received more traffic and we’re even getting a strong social media following. All-in-all, it’s been a great experience!”

– Margaret C., CEO, Hospitality

2. What is Digital Marketing?

Digital marketing is a great option for all the business. digital marketing have helped all kinds of businesses to grow—from mom-and-pop shops to internationally recognized universities and beyond. That’s the beauty of advertising online. If they know whom they want to target, they can use digital marketing to target anyone, anywhere.

The truth is, today, digital marketing is less about “digital” and more about “marketing,” largely because digital marketing has come of age. Its fundamentals had already been established.

Digital marketing has helped many people to grow in a financial way as it requires minimal investment. It mainly helps the homemakers too by financially supporting them. It not only help the customers to buy according to their choice of interest, it also helps the investors to invest according to their interest in a minimal way. Thus the good news is, getting started with digital marketing is very easy. Most online advertising platforms make it easy to sign up and create our first campaign as it is how they make money after all.

On the view of a Digital Marketer, their objective is to clear the confusion about the tactics that work and how to use them to grow the business. They stand against those so-called gurus who promote the next “shiny object” that will reportedly kill email marketing, digital advertising, or search engine optimization.

Digital marketing helps to advertise and sell every product even from a tiny eraser to big electronic machines. In that way even food is delivered through apps like Swiggy and Zomato. They use digital marketing as their main source to sell their product to millions of customers all over the world, Which makes them unique and popular among other industries. This enables the customer to purchase easier and save their precious time whenever it is essential.

2.1 Digital Marketing Strategies:

Over 3 billion people in the world uses smartphones. So digital marketing helps to reaches people in the various social networks through postings, paid ads or both. The primary goal of digital marketing is brand awareness and building trust. The top of the funnel is awareness. This is the stage to use Facebook ads to introduce the brand to Facebook users or paid ads through Instagram to Instagram users and through many channels. The goal at this stage is just to get the ad in front of as many people as possible and gain new followers. The next step would be discovery. This stage is to interact with the customers by answering their questions through Messenger, Whatsapp, Instagram or email or through any channels and the next stage would be getting people who showed interest in your brand to visit your website, engage with your page and making them to interact. The last step would be conversion. It can be anything that has value for the business like the sale of a product or service or just a visit the store.

Thus digital marketing helps to make customers throughout the world.

3. History Of Swiggy And Zomato:

Swiggy was found in year 2014 by Nandan Reddy, Sriharsha Majety. Their head office is in Bengaluru, Karnataka. They operate over 25 cities of India. The top clients of Swiggy includes Burger King, GoliVadaPav, and Cafe Coffee Day. Now the total valuation in the market is \$1.3 billion. Swiggy is owned by Bundles technologies Pvt. Ltd and aims to connect restaurants to the foodies around the city. Making food accessible to customers is the main strategy of Swiggy. They actually aim at picking up orders and delivering it to the address provided by the customer at a particular time. It not only aims at food products but also to deliver medicine, grocery, gifts shops etc, which capture a large share of delivery market in India.

Mission: The main mission of Swiggy is "to change the way India eats".

Vision: It is the first milestone in Swiggy's vision to elevate the quality of life for the urban consumer by offering unparalleled convenience, he added. Swiggy Stores will give its merchant-partners unmatched access to a combination of core assets to reach more existing and new customers.

Tagline: Swiggy karo, phir jo chahe Karo!

Zomato is an Indian restaurant aggregator and food delivery start-up founded by Pankaj Chaddah and Deepinder Goyal in the year 2008. Its headquarters is situated in DLF Phase V, Gurugram, Haryana, India. They serve over 24 countries more than 10,000 cities across the world. Zomato was founded as *Foodiebay* in 2008, and was renamed *Zomato* on 18 January 2010 as Zomato Media Pvt. Ltd. At the moment, Zomato does not seem to have a formal mission and vision statement, but according to Pankaj Chaddah, co-founder and COO of Zomato as on Mar 2, 2017, "We want to be the 'Google' of food is their mission. Our vision is to be the global platform when someone is looking for food locally".

Tagline: Never have a bad meal Every meal matters Shaping the future of food.

These food delivery applications use many strategies like business strategy, promotion strategy to compete in every way.

3.1 Marketing Strategies Of Swiggy:

Swiggy is planning on launching Swiggy stores which will be first launched in Gurugram and they have already partnered with 3500 stores. Their main target is to capture the market share.

Swiggy uses the strategy of hyperlocal product deliveries. They even concern about the small areas. They even started to delivery medicine, grocery, gifts, flowers to capture the larger share of the India's delivery market.

It plays a dual role by benefiting both customer as well restaurants who get orders.

They changed the concept of customer going to the restaurant for food instead food coming to their place.

Swiggy has a excellent focus on logistics of the operation. Swiggy from the beginning knew how to crack the delivery market was to build a great network for logistics due to which Swiggy has built a sound and sustainable business structure.

It has its own growing fleet of delivery partners and the fleet is growing with currently 1.25 L active partners.

Swiggy heavily leverages technology to help the restaurants and customers to get the best service out of all. The conditions are well analyzed with the help of data analytics like the traffic conditions, prediction of the preparation time for the restaurants depending upon the number of orders, location of the delivery executives which smartly provide them with the delivery time and promise to the end customers.

This has allowed Swiggy to deliver food within 30 min to the customers with just a tap. Swiggy has recently launched the Swiggy Access kitchen, which is ready-to-occupy kitchen which are offered to restaurant partners for rent-free access with all required amenities.

Swiggy is now a very reputed brand and it's not just because of its quality services but also because of its excellent social media strategy. On Facebook, Swiggy has 174K followers which is the highest among all other competitors. Every campaign of Swiggy is remarkable as they are extremely engaging and very interactive.

Swiggy also provides a great number of discounts, rewards, and recognition to create brand loyalty among its customers.

Though Swiggy was a late entrant in the online food delivery and ordering space in 2014 but it has now become a billion-dollar company and now Zomato is playing a catch up with it.

According to a survey, restaurants claim that they get 50% of their order from Swiggy and 20-25% from Zomato.

Swiggy faces a tough competition from Zomato and other start-ups like Dunzo, Foodpanda and Faasos.

3.2 Marketing Strategies Of Zomato:

Zomato has become so popular that it claims to be the market leader when it comes to food delivery as well. They have reached 21million monthly run rate.

Zomato's beautifully designed user interface is attractive and very easy to browse and this has helped create a pint of differentiation from its competitors.

The speed with which the website opens and the mobile application is extremely fast and easy to use, even for a novice user.Zomato gives a lot of focus and effort in creating a convincing User Interface for its customers.

It allows to drive operational and commercial efficiencies like prediction of delivery

Zomato still stands as a customer's favorite restaurant discovery tool.

Zomato is one among the few companies to have been successful in the content market, who also uses images to promote their products. Zomato ensures that its contents stay fresh and has invested vastly on SME's and SEO's.

Zomato always keepsits customers engaged. The Zomato Gold which is an exclusive membership loyalty program that gives customers a fine dine out and drinking membership with BOGO(Buy One, Get One) and 2+2 complimentary drinks.

Zomato Gold is also a referral driven, where on sharing their referral code, a customer gets a month extension of Zomato Gold service.Now it has more than 600K customers.

Zomato'sZomaland festival has now turned a great strategy for Zomato, to promote its services and it was able to turn food into a carnival with music, dance, and stand-up comedies. Zomato uses n number of strategies like discounts and promo codes for customers to make use of their platform.

The main competitor of Zomato is Swiggy, when it comes to food delivery space, because of its extremely well-designed logistics capabilities.

3.3 Merits of Food Delivering Apps:

- Nowadays food delivery applications play a first-rate role among the people.
- Delivery applications are too user friendly and enables ease of access to the customers.
- This has made housewives to be free from cooking, number of elders and bachelorettes were also benefitted with these delivery applications where the ordered food is delivered hotly to their door steps.

- Many teenagers even joined as part time food deliverers, which helped them to meet their day -to-day needs financially. This also resulted people to get engaged in jobs and reduced the problem of unemployment.
- They don't bother about the hike of petrol price where the problem is met by the delivery persons only. For instance, if a person gets Rs.50 per delivery, nowadays it is not even enough for a litre of petrol.
- Swiggy and Zomato are the most popular and growing delivery applications, curenly. The main and most remarkable strategy of these two are, they made use of the unemployment situation that prevailed in the country. Here is the history, strategies of Swiggy and Zomato with how they have performed and affected during the situation of Covid - 19 briefly explained.

4. Impact Of Covid-19 On Swiggy And Zomato:

“Covid has acted as a catalyst as it helped good uptake in new users with low CAC (customer acquisition cost) & hence likely to stick longer,” said BofA Securities analysts in a report on 13 January. The broking firm added, “The recovery post initial lockdown phase has been faster for the Food-tech industry with volumes back to pre-Covid levels by Oct-20 led by less dining out & festive season. Our Sept-20 survey indicated 69% of users were worried about eating out.”

Cumulatively, improving demand for food delivery companies, which in turn would boost the GMVs along with a drop in the delivery costs, should lead to a gradual improvement in profitability. As Kotak points out, “This will drive Ebitda breakeven in the next 2-3 years, signaling a turnaround from the past two years when delivery companies incurred heavy losses. Per industry discussions, food delivery companies are generating positive contribution margins in FY2021 which can likely sustain.” Ebitda is earnings before interest, tax, depreciation and amortization; a key measure of profitability for companies.

Analysts from Sanford C. Bernstein (India) Pvt. Ltd, in a report on 20 January said, “Zomato has recovered from Covid with GMV increasing from about 20% of pre Covid levels in March/April to about 125% of pre Covid levels in Dec-2020.”

This augurs well, especially considering Zomato plans to go for an initial public offering this year. To be sure, a good deal of the optimism reflects in the soaring valuations of Info Edge (India) Ltd, which holds 19.3% stake in Zomato. For perspective: Info Edge shares have increased as much as 65% from its pre-covid highs seen in February 2020. The initial stages of the covid-19 pandemic and the ensuing strict lockdown had an adverse impact on Indian online food delivery companies, broadly dominated by Zomato and Swiggy. Consumers had shied away from online food ordering due to apprehensions on safety and a general preference for home-cooked food. But things picked up later on and the recovery has been faster. Analysts reckon the pandemic has helped companies improve unit economics and add more consumers, as the frequency to dine out has dropped.

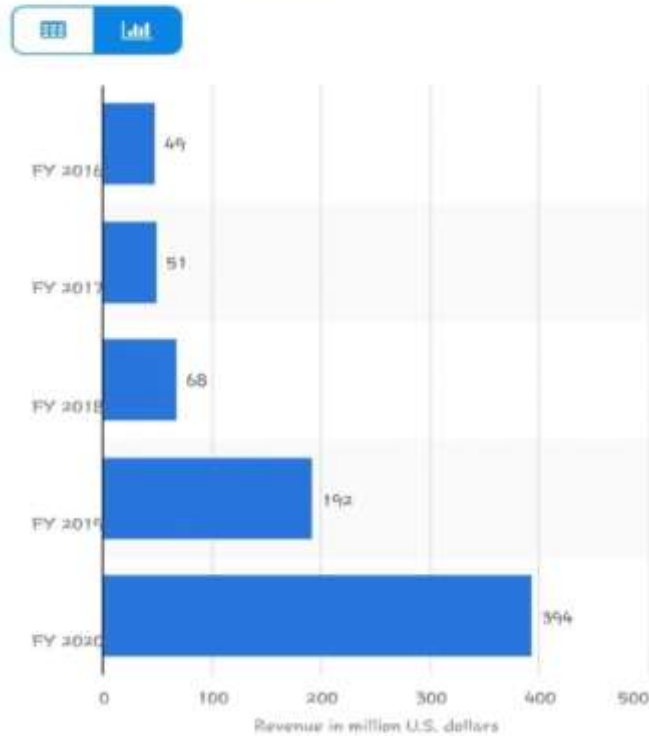
Swiggy says food delivery recovers to 85% of pre-Covid-19 order value.

5. Analysis On Revenue of zomato:

Zomato recorded a revenue that amounted to over 394 million U.S. dollars in fiscal year 2020 on impact of COVID-19. There was a significant increase in revenue for the company since the fiscal year 2016.

Revenue of Zomato from financial year 2016 to 2020

(in million U.S. dollars)



5.1 Analysis On Revenue Of Swiggy:

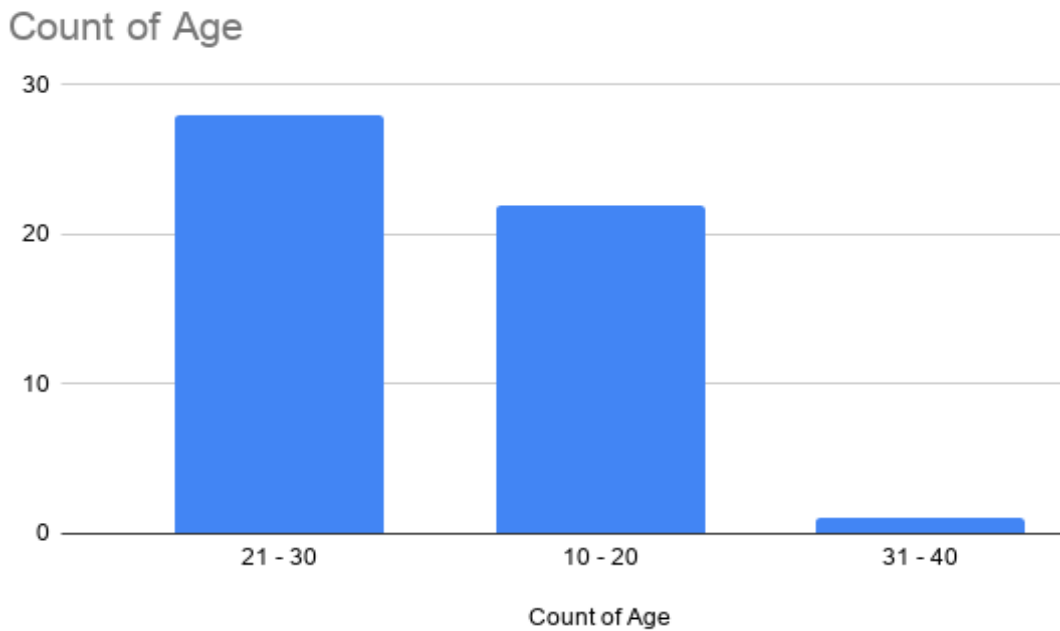
Swiggy's revenue from operations ballooned 2.4X to Rs 2,693 crore during FY20 from Rs 1,128.3 crore earned in FY19 on impact of COVID-19. Service fee collected from its restaurant partners made up 55.7% of the total operating revenue, growing by 86.4% to Rs 1,501.8 crore in FY20.



6. Research methodology:

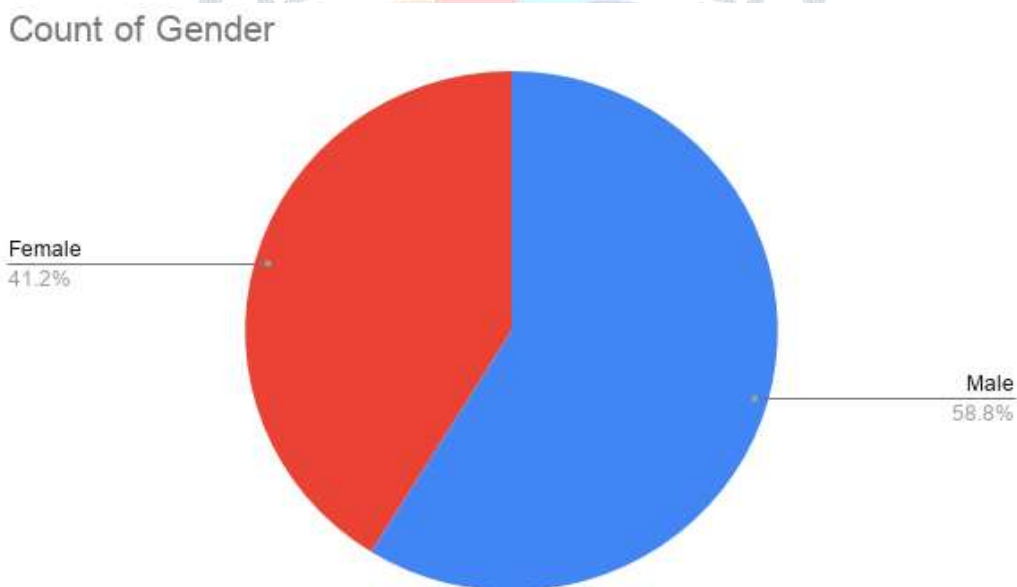
Research methodology is a scientific method of finding solution for a wide problem. In this process, we have used a descriptive method such as taking questions as research tools and we collected survey through Google forms as our methodology to find the number of people preferring Swiggy, Zomato. We chose Central Chennai population and the convenient samples as followed.

Graph 1:



The above bar diagram shows the age group of people surveyed where most of them were between the age group of 10 to 30. More teenagers use these applications when they go out with their peers and on party time.

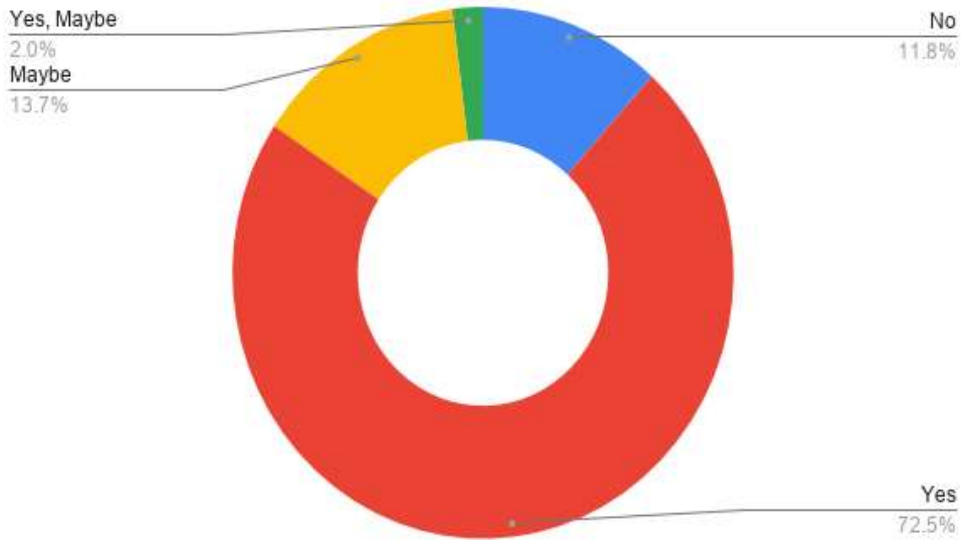
Graph 2:



The survey was actively taken up by nearly 59% of male and 41.2% of female

Graph 3:

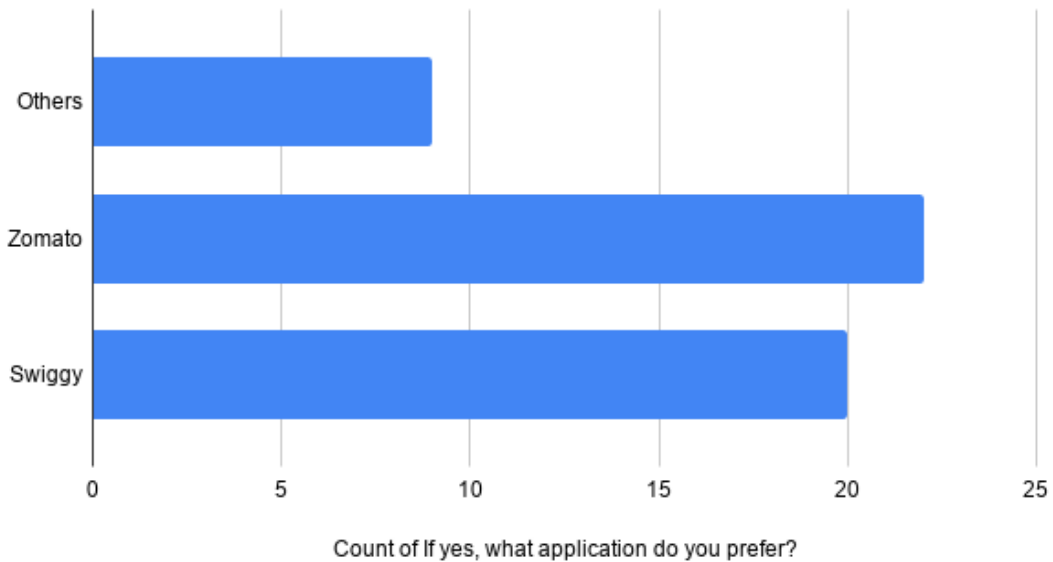
Histogram of Count of Do you order food online using apps?



Out of a 100 % only 12% of people are not using any type of applications for their delivery of ordered food, and some 15 % use occasionally. The rest 74% use applications to get Food to their places.

Graph 4:

Count of If yes, what application do you prefer?



From this graph, we can clearly see that Zomato is used by maximum number of people than Swiggy and only a few people uses other applications to order their food.

7. Conclusion:

This study of ours started with the aim of analysing the digital marketing and the different strategies that they use to reach their customers. After searching this kind, we have found that the ladder of engagement with customers has played a vital role. The companies in order to utilise the digital platform are required to make effective steps to reach out their products and services. It has also shown that in the current context, it has become very important to integrate all the systems in a digital way like the newspaper

from the printed version to the online version. Customers and the marketers need to learn about the pros and cons of digital marketing to get the best use out of it. When you don't learn the pros and cons of digital marketing, you won't reap the full benefits in the current trendy world.

8. References:

- [1] <https://www.marketing91.com/marketing-strategy-of-zomato/>
- [2] <https://www.marketing91.com/marketing-strategy-of-swiggy/>
- [3] <https://www.statista.com>
- [4] R Dahiya, Gayatri - Journal of Global Marketing, 2018 - Taylor & Francis
- [5] N Pandey, P Nayal, AS Rathore - ... of Business & Industrial Marketing, 2020 - emerald.com
- [6] A Goldfarb, C Tucker - Handbook of the Economics of Marketing, 2019 - Elsevier
- [7] M Ištvančić, D Crnjac Milić, Z Krpić - International journal of electrical ..., 2017 - hrcak.srce.hr
- [8] Digital marketing strategies that Millennials find appealing, motivating, or just annoying
KT Smith - Journal of Strategic marketing, 2011 - Taylor & Francis
- [9] Digital marketing: A framework, review and research agenda
PK Kannan - International Journal of Research in Marketing, 2017 - Elsevier
- [10] Digital marketing: A practical approach
A Charlesworth - 2014 - books.google.com
- [11] Digital marketing strategy: an integrated approach to online marketing
S Kingsnorth - 2019 - books.google.com
- [12] Digital marketing strategies, online reviews and hotel performance
P De Pelsmacker, S Van Tilburg, C Holthof - International Journal of ..., 2018 - Elsevier
- [13] Digital marketing: Strategic planning & integration
A Hanlon - 2018 - books.google.com
- [14] Digital marketing
D Chaffey, F Ellis-Chadwick - 2019 - books.google.com
- [15] Digital Marketing: A Review
V Desai - International Journal of Trend in Scientific Research ..., 2019 - academia.edu