



“FOOD PORTALS – THE GROWTH ENGINE” “DO YOU HAVE AN APPETITE?”

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Abstract

What's more than tasting great food from the restaurant of your choice at home.... Nothing? At home! Yes at home, all with the help of an online portal. An online food portal allows its customers to order food available with the businesses listed on the portal. Users can have detailed information on the restaurant/takeaway, get directions, view ratings, refer to the menu, order and pay online using dynamic features. The portal may also come with an interactive forum that allows users to connect with friends and share their experiences with different food joints.

A telephonic booking was the conventional style so far, but customers find it difficult to call on a busy number again and again, when they just can't wait for food anymore. Even when they are lucky to catch a service provider on phone, it's difficult to rush through a menu that is not there in front of them. A food portal is vital these days to take orders without engaging excess staff on billing and customer handling. It clears traffic and gets you going with ease.

Online portals help businesses to gain leads and find customers that are generally ignored or who ignore reading about these food joints due to lack of awareness.

Keywords: *Online Portals, Food Industry, Emerging Markets, Round The Clock Service.*

Introduction

Food processing and ordering industry's value is growing by huge numbers each day. With everything going digital and global practices making everything fall into one place, money-making tiff between the businesses gets ever complicated.

Today, if you want your food business to stand the competition, it needs a significant opening. No matter how well you have dialogued your version of food unit, your audience wants your word to be delivered right in the manner they need, they expect - something online and mobile. Hence, the idea of Online Food Portal comes big in its application and scope.

Patronizing and monetizing online food business comes easy as we move to more digitization set to rule our lives. This business tickles the gourmet bone and much strives to suit the palate of convenience.

Any online business needs to reach its customer base with a fine mix of features that could manage orders easily, manage online payment and build its brand big. All this needs a detailed understanding of an online system that comprises of all elements, that a distinctively food ordering application should have.

Today's online food ordering portals include comprehensive admin features with interactive user elements that go hand in hand with latest industry practices.

Objectives of the Paper

1. To study the emergence of “online food portals”.
2. To identify various players in the Indian Market.
3. To study the process and operational efficiency of services provided to the customers through better application of technology of the online food portal business.

Literature Review

The Indian food industry is poised for huge growth, increasing its contribution in world food trade every year. In India, the food sector has emerged as a high-profit sector on the back of the scope it offers for value addition, particularly with the food processing industry getting recognized as a high-priority area.

Accounting for about 32 per cent of the country's total food market, the food processing industry is one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. The total food production in India is likely to double in the next 10 years with the country's domestic food market estimated to reach US\$ 258 billion by end of financial year 2015-16.

The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. It is



projected to grow at the rate of 104 per cent, touching US\$ 482 billion by 2020. The Indian food processing industry accounts for 32 per cent of the country's total food market, 14 per cent of manufacturing GDP, 13 per cent of India's exports and six per cent of total industrial investment. Indian food service industry is expected to reach US\$ 78 billion by 2018.

The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a CAGR of 20 per cent. It is expected to cross US\$ 2.8 billion by end of FY 2015-16. The online food ordering business in India is in its nascent stage. Share of online food ordering would be in single digits of the overall food ordering business which in 2014 was estimated to be around Rs 5,000-6,000 crore (US\$ 800.19-960.12 million).

The online food delivery business has been cooking up a storm lately. Restaurant listing app Zomato and online food delivery pioneer Foodpanda were the early birds, start-ups such as TravelKhana, Mera Food Choice (MFC), iChef, cook fresh, iTiffin, Fly By Knight, and many more today are catering to hundreds of customers, bringing the online food delivery business into the spotlight. Only last month came the news that Rocket Internet funded Foodpanda had acquired rival Just Eat, thus expanding its reach to 200 cities and over 12,000 restaurants in the country. Zomato had announced it would take orders for food delivery, starting March 2014. Again, in January, Bangalore-based TapCibo raised seed funding to deliver lunch to office-goers. Meanwhile, Mumbai based Holachef has raised around \$323,000 in seed funding led by early stage investor India Quotient.

Despite accounting for less than 5% of the total e-tailing business which stood at \$2.3 billion in 2014, online food players have managed to create enough buzz. According to VCCEdge, the financial research platform of VCCircle.com, while only one private equity and venture capital deal took place in 2014, four mergers and acquisition deals worth \$21.24 million were sealed in 2015. "Food business is growing at a rapid pace and is seeing a lot of acquisitions happening in comparison to pure ecommerce business. Global players such as Foodpanda are actively acquiring businesses across the globe.

Rohit Chadda, co-founder and managing director, Food panda, says there are multiple reasons behind the online food business tasting so much success. Women now spend more time at work and less time cooking a variety of dishes. Also, in most cases, cooking is outsourced. Secondly, fine-dining is more expensive compared to delivered food. And instead of scanning through the leaflets that comes with the newspaper, people prefer the mobile app as the one-stop solution.

Even as ordering food online is catching on in urban India, especially in the metros, the category is still at an ascent stage. "Food as a category online is not very big yet. While the sector has managed to gain traction that is yet to translate into revenues. Not to forget that the business comes with its own set of challenges," said Ankur Bisen, Senior Vice President, retail and consumer products division at Technopak, a management consulting firm.

The online food space has two to three business models. While sites such as Zomato function as an online restaurant guide, Foodpanda, Delivery chef, Mealsonwheels and TravelKhana, apart from acting as list ingsites also run delivery services for restaurants. Lastly, the sector has niche players who run their own kitchen.

Like in any other business, the quality of the product is most important. The fact that the shelf-life of cooked food or even of ingredients is very short, means quality, or lack of it, can make or break the image of an online company instantly. Agrees Das of iTiffin who says: "We do not operate as a restaurant, where one can simply place an order for a dish. We take bulk orders, either for a week or a month.

This process helps us keep track of the total number of meals that need to be prepared in a week/month and helps in reducing wastage while maintaining quality."

As for companies such as TravelKhana and Foodpanda, adherence to timelines is crucial. "Not to forget, the very idea of starting the business was to provide fresh meals to railway passengers and if we fail in that, we would surely lose out," says Pushpinder Singh, CEO and co-founder, Travelkhana.com. Singh's venture, which has seen Google India head Rajan Anandan picking up minority stake, is an online food takeaway service that delivers train passengers food from Restaurants of their choice.

Even as the category has seen the entry of many players, the delivery segment of the business is growing at a faster rate than online businesses that run their own kitchen. Although orders are taken online thus streamlining the process, the cost of setting up a kitchen pushes up the overheads.



A listing-and delivery-only company is leaner comparatively. “Also, when you run your kitchen, the margin is less compared to that of delivery service. This is the reason why more players are entering the delivery segment. In addition to market leaders such as Foodpanda, the Indian online delivery sector has other players such as Zomato, Titbit, Delivery chef, Grabagrub, Mealsonwheels, Bigbite, among others. For the record players in the delivery business earn as much as 40% margin per order compared to 25% per order in case of companies that own restaurants.

To be sure, each player is identifying a specific niche in the market and catering to it in its own special way. Fly By Knight is one such website which sells essential items right from a sandwich to a burger to even cigarettes. “I started the website in 2012 after quitting my job in Google. The portal not only targets Students who live on their own, but also professionals who tend to come late at night to find that even the nearest ‘dhaba’ has closed for the day,” said Neha Jain, founder and director, Fly By Knight. Based in Mumbai, the e-commerce portal runs its services from 9 pm till 5am.

Every start-up is now trying its best to take its business to the next level. “Like any entrepreneur, my future plans are big,” says Gurmeet Kochhar, founder of SpiceBox, a tiffin service that provides delicious home style food to individuals and companies all across Mumbai. Kochhar say she plans to introduce a subscription based model for dinner and breakfast in addition to entering new cities such as Delhi, Bangalore, Chennai and Pune. “We are currently testing the beta version of the existing app which will be launched shortly.

Moreover, we have developed the blue print of a separate app for on-demand food delivery business which we plan to introduce soon,” explained Kochhar. SpiceBox is not the loneranger, online players such iTiffin, TravelKhana too have their mobile apps.

Singh of TravelKhana says that having established the business, now the focus is on expanding the reach. “We currently provide services to 150 cities and plan to add 100 more cities in one year’s time,” he said. Bisen of Technopak however points out that this is just the first level. With the average ticket size Rs. 80-500, taking the business to the next level by scaling up operations and reaching profitability is a long walk from here.

“The word niche itself implies that one is targeting a limited number of consumers or a particular set of customers. Thus, these online players will always operate in a restricted market, which will always make it difficult for them to enter every kind of city.

With almost all the platforms being self-funded at this point in time, roping in a private equity firm or an angel investor is definitely on the radar. After raising \$1 million in seed funding from an Indian business family last year, iTiffin is now looking to raise \$5-8million. Similarly, Mumbai based ichef is planning to raise \$ 10 million soon. TravelKhana is already in the process of raising \$3-5million. Chirag Arya, cofounder, ichef. In, which sells ingredients for gourmet recipes listed on its website, is emphatic that investors will definitely come if they see value. “If online food companies continue to focus on operational aspects of the business which includes maintaining the quality of the product apart from being able to create a market for their products, there is no reason why investors should not be interested.

For every start-up that runs a successful business, there are many that fall by the way side. For instance, Imly. in, a start-up that connected home-chefs with curious foodies, shut shop last year as the business model turned out to be unviable. “Getting more funds has got nothing to do with food. The entire game of funding is based on scale and when a company is targeting a select set of consumers, achieving scale becomes difficult. So raising funds can be difficult for these online businesses,” said Ashvin Vellody, partner for management consulting with KPMG in India, a financial services and business advisory firm.

However, niche players have a different tale to tell. With most of them running a subscription service, they claim that getting business has not been difficult so far. While online tiffin Service SpiceBox claims to have more than 1000 monthly subscribers, Das of iTiffin says that the website clocks more than a lakh orders per month and sites such as ichef. In which sells ingredients online, claim to sell 50-60 boxes per day. “Our recipes are designed in a way that even someone with not much experience in the kitchen can cook them. There are a growing number of people who love cooking and are willing to pay for fresh ingredients and the convenience of having them delivered to their doorstep. We’re doing a few hundred orders a week,” said Raghav Kohli, co-founder of cook fresh. in, a website which sells ingredients for gourmet food. Till now, these businesses have relied on word-of-mouth and social media to get them the customers. But with everyone working on ‘mission expansion’, this too many change. While biggies such as Zomato and Foodpanda have already taken to television and print apart from digital to catch the attention of consumers, niche players believe in taking one step at a time.



“We are advertising on sites such as Zomato. We also plan to use radio soon. As for using traditional media, which will happen after we reach a certain scale and have a pan-India presence,” said Arjun Sethi, founder, Midnight Munchies. Agrees Kochhar of SpiceBox, who says social media is behind the popularity of his venture. “Not only are we active on Facebook, we are also there on Twitter and Insta gram. In fact, our presence on LinkedIn has helped us clinch many corporate deals,” he said.

Given that the online food business has just begun to gain traction, there is still space for all kinds of business models to come up. “Just like any other category, the online food business too will have a mix of players. While delivery based services is expected to grow at a faster rate, niche players too will find their ground,” said Vellody of KPMG in India. But sooner rather than later, consolidation will start happening as the more nimble ones gobble up niche players as part of their expansion strategy. Foodpanda has set the ball rolling with its recent acquisitions. Till then, too many cooks are welcome.

Online Food Start-Ups

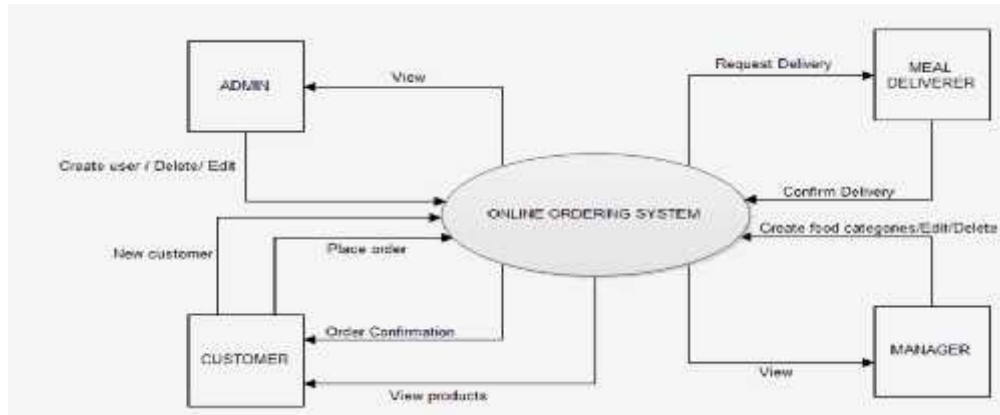
- **TravelKhana.com**
Started: 2012
Founder: Pushpinder Singh
Focus: Food delivery service for railway passengers.
Market: 150 cities across India
Business model: Market place model
- **iChef.in**
Started: 2014
Founders: Chirag Arya and Sneha Arya
Market: Mumbai and Greater Mumbai
Business model: Inventory based and supply chain based model.
- **iTiffin.in**
Started: 2013
Founders: Tapan Das, former VP, finance, Flipkart; Ryan Fernando, owner of Qua Nutrition and cricketer Robin Utthappa
Focus: Tiffin service that offers diet-based meal plans
Market: Bangalore
Business model: Online tiffin service which follows subscription model.
- **Fly By Knight.co.in**
Started: 2012
Founders: Neha Jain, former solutions consultant, Google India
Focus: Deliveries between 11pm and 4am.
Market: Across Mumbai except Navi Mumbai, Thane and north of Malad.
Business model: Inventory lead model.
- **SpiceBox.in**
Started: 2011
Founders: Gurmeet Kochhar
Focus: Online tiffin service for professionals
Market: Mumbai
Business model: Subscription model.

Analysis and Design

Development of computerized systems requires analysis of the process to be digitized in order to enable a correct system, a system that functions as required and to assist the potential users of the system understand the general functionality of the system. The analysis specifies the system's objectives and constraints to which designers have to comply. The purpose of doing analysis is to transform the system's major inputs into structured specification.

Context Diagram

This is a brief structure which depicts the environment in which a software system exists and helps in communicating about what lies outside the system boundary.



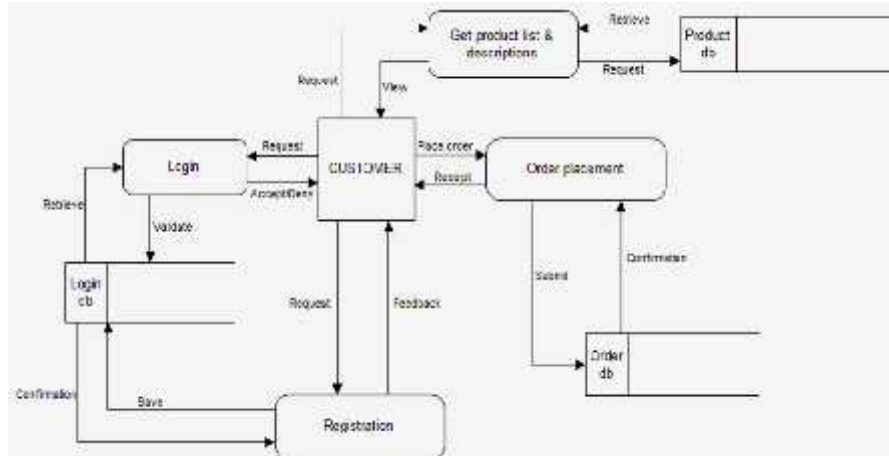
Data Flow Diagram

This two-dimensional diagram explains how data is processed and transferred in a system. The graphical depiction identifies each source of data and how it interacts with other data sources to reach a common output.

Customer Module

Functionalities provided:

- View product's list
- Register
- Place orders



A few business benefits of online portals being lower risk of losing customers, easy and convenient process of food ordering, managing payments, handling customer requests and most importantly building ones brand.

The latest Order Panel includes services such as Managing Restaurant Menu, Managing Delivery Areas, Customer Order Status, Message to Customer, Managing Opening days & Time, Managing Special Offers, Multiple Payment Gateways, Multiple language Support, Social Media Engagement, Coupon Code generation, Social Networking Connectivity, Automatic short email listing for Newsletter Sending, etc.

After disrupting segments such as retail and taxi services, India's internet startups are now turning their attention to the food business. Holachef, Spoonjoy, Frsh, Yumist, Eatlo, Biryani 360, Tapcibo, Fresh Menu and Foodyn are among the companies looking to build internet-first restaurants serving chicken salad to home-made aloo parathas.

The nascent efforts have caught the attention of top venture capital investors such as SAIF Partners, Accel, Helion Ventures, Light speed and Matrix Partners, with at least half dozen deals cooking.

The eating out market presents a large opportunity for entrepreneurs as it is expected to reach \$78 billion (about Rs 408,040 crore) by 2018, according to consulting firm Technopak.



About 61% of the market will remain unorganized. The market is coming up at a time when growing urbanisation, rising disposable incomes, more women joining workforce and rapid penetration of smart phones are all creating demand for such a service. The interesting aspect in India is that new restaurants are getting formed at the same time when technology adoption is taking off. With emergence of these two scenarios simultaneously, India is becoming a high delivery country.

Entrepreneurs and investors are drawn by the fact that the frequency of ordering food is much higher than shopping for other products. The business models are highly scalable and much more capital efficient than in most other sectors. Although the market is still in its infancy, some start-ups have already managed to get a high number of repeat customers.

1. Food portals, which connect hungry folks to local takeaways and delivery services, witnessed over 150 per cent growth in orders last year.
2. Players such as JustEat.com, FoodPanda.com, Yummybay.com and TastyKhana.com attribute this huge growth to at least three factors — increased internet penetration, rise in Smartphone usage and the continued economic slowdown that forces restaurants to start delivery options.
3. As eating out has become an expensive affair in the past three years, consumers are trying to satiate their taste-buds by ordering over the phone, point out these portals. They feature location-specific listing of restaurants on their sites and help the consumers check out menus (along with special offers) and place orders.

Why Online Food Portals

1. It increases efficiency by shortening the purchasing time and eliminating paper work like receipts through online transaction.
2. It enables them to stand out from competitors by automating daily operations, which will give the food service providers an opportunity to increase sales.
3. It helps in reducing restaurants food wastage and increasing efficiency of the restaurant staff by enabling staff to know what food items the customers want in advance.
4. To increase customer satisfaction by speeding up food delivery.
5. To reduce time wasting by eliminating long queues.

India's success at the cricket's biggest extravaganza, the T-20 World Cup, has brought acche din for online food delivery portals that are banking on fans' preference to eat home during matches.

The food orders have increased by about 20% with sales peaking on weekends. Portal managers expect the business to rise by 40% as India looks set to progress into the next round.

"Looking at the type of orders we get, it seems people are watching matches in large groups," said a representative of foodpanda in, the online food delivery marketplace. "In Pune, we have seen a 15% rise in order value on days India played," he added.

Getting together on weekends is easy and cricket just gives another reason for people to meet and enjoy food.

The spurt in demand has prompted some online players like NiteFoodie - which specializes in late night food - to introduce breakfast during matches. "We are getting about 120 orders a day in Pune which is about 30% more than what we usually get during weekdays," said Archit Aggarwal, cofounder of NiteFoodie.

Conclusion

The rise of e-commerce itself is one of the reasons behind the success of online food startups. People now are accustomed to ordering and buying items online. The reduced cost of smart phones and the rising standards of living have expanded the size of this target market. Another factor is the rising number of restaurants, especially takeaway ones.

Broadly, there are three challenges any online Food business will face. To begin with logistics in terms of timely delivery and optimizing the resources will have to be taken care of. The next challenge in this industry occurs while integrating with numerous restaurants, since every online food business has to ensure the quality of service by training its people and also has to make sure that it receives its payment in time. The online food business will be able to not only overcome the first two challenges with the help of robust technology, but can also automate the whole value chain. But to get good technical skills for that will be the third and the most difficult challenge. The foremost thing which a good online food portal should evaluate is the team – it must see whether the team will be able to excel operationally and scale the business.



More than 400 food delivery apps started up in India over the past three years, raising \$120 million from venture capital firms and other investors. Luring customers with photos of tasty curries along with discounts and free delivery, they sought to disrupt the delivery networks that have existed in India since the 1890s, including Mumbai's famously low-tech *dabbawalas*.

There is no stopping the food business from growing exponentially, but it is evident that Venture capital-backed food apps are still struggling to displace traditional *dabbawalas* on bikes.

Food delivery apps in India raised \$120 million from investors in the past three years but failed to displace traditional meal deliverymen.

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