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A Study on the Factors Influencing Online Restaurant Ordering in Chennai City

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ABSTRACT

Customers may order from a variety of eateries with a single tap of their mobile phone thanks to online food-delivery services that are expanding choice and convenience. It's easier than ever to get your meal delivered to your home, and thanks to the internet, almost no human interaction is required. Restaurant ordering is becoming more popular online. Simultaneously, numerous restaurants are using the service as a convenience for their consumers and to meet their sales goals. Smaller restaurants have only recently begun to provide these amenities at a greater rate. This is a rundown of the most recent online meal ordering trends to keep you up to date.Delivering restaurant meals is a lucrative business. The business of delivering restaurant meals to the home is undergoing rapid change as new online platforms race to capture markets and customers across the city. Although these new Internet platforms are attracting considerable investment and high valuations little real knowledge about market dynamics, growth potential, or customer behavior exists.

KEYWORDS: on-line applications, Technology, food ordering, factors influencing on-line food ordering.

INTRODUCTION:

India is a developing country that has made great progress in recent years as a result of increased industrialisation and disposable income. With the efficient introduction of several programmes that can be utilised by smart phones with a simple installation, India's online food sector is currently at its early stage. In India, the term "foodtech" has evolved over time. It once referred to food distribution and the technologies utilised to introduce it. It has been affecting the market for online meal ordering and delivery services in recent years. Companies have been able to supply online facilities thanks to enough funding and investments in this market place. Furthermore, many of the key players are playing an important for making more developments in the applications for serving in an efficient manner which lead the market growth in the forecasted period and provide better consumer satisfaction

1. Making Use of Social Media and Apps to Increase Sales

With the popularity of social media and mobile applications, it should come as no surprise that major chains are promoting online ordering through these channels. Domino's, the pizza giant, allows customers to create a customer profile in which they can save their contact information as well as their favourite pizza order. Because customers can only order one pre-set meal, the feature is best suited to restaurants with simple menus.

2. Predicting Orders with Algorithms

Restaurants may use algorithms to forecast a customer's next order in their online ordering systems. Based on your previous orders, these algorithms will be able to forecast not just what menu items you would order, but also when you want to eat. It's just another technique to streamline and simplify the online ordering experience.

3. Phone orders will be outstripped by online orders.

Given how simple and convenient internet ordering is for customers, it should come as no surprise that at many restaurants, online ordering will likely outnumber phone ordering. To make takeout ordering easier for both customers and their business, more restaurants are introducing online ordering systems. It's a lot better option than ordering over the phone because of the convenience and control it affords clients, as well as the improved efficiency it provides eateries. More restaurants will begin to incorporate online ordering as a larger part of their delivery service, thus eliminating the telephone.

4. Delivery Ordering Will Increase

With the growing popularity of online ordering, many restaurants are seeing an increase in delivery orders, particularly in densely populated areas. Customers who prefer to dine in the privacy of their own homes appreciate the convenience that delivery provides. Restaurants can expand their market by providing delivery. With the proliferation of new, on-demand delivery services, many restaurants will find it easier to provide a delivery option to their customers.

5. Restaurant Prices Could Fall

As more restaurants use online ordering platforms, they will be able to compete for customers in a number of ways, potentially resulting in reduced rates for customers. Restaurants will be able to attract and retain more loyal consumers by communicating with customers online and delivering rapid discounts and promotions. Look for free internet services that can help restaurants reach out to more clients and increase online ordering. Restaurants may compete for additional business by giving special deals, lowering pricing, and encouraging more consumers to order online as online customer interaction grows.

Food delivery accounts for 1% of the total food market and 4% of food sold in restaurants and fast-food chains. In most nations, it has already reached maturity, with an annual growth rate of only 3.5 percent predicted for the next five years. The classic concept of delivery is when a customer places an order with a local pizza parlour (although many other types of eateries, particularly in urban areas, now provide delivery) and then waits for the meal to be delivered to their door. This conventional category has a 90% market share, and nearly three-quarters of all orders are still conducted over the phone. However, as in so many other sectors, the rise of digital technology is reshaping the market. Consumers accustomed to shopping online through apps or websites, with maximum convenience and transparency, increasingly expect the same experience when it comes to ordering dinner.

Two tiers for online food delivery

Aggregators

Aggregators expand on the traditional meal delivery paradigm by allowing customers to order from many restaurants through a single internet portal. Consumers may instantly compare menus, prices, and peer ratings by logging on to the site or app. The aggregators take a certain percentage of the order that is paid by the restaurant, and the restaurant is in charge of the actual delivery. The consumer will not incur any further costs. Aggregators have 40 to 50 percent earnings before interest, taxes, depreciation, and amortisation (EBITDA) margins because to their asset-light business. Consolidation has progressed in most areas and is expected to continue. According to a McKinsey study, only 26% of traditional delivery orders are made online today, but we expect this share to increase rapidly.

New delivery

Just like the aggregators, new-delivery players allow consumers to compare offerings and order meals from a group of restaurants through a single website or app. crucially, the players in this category also provide the logistics for the restaurant. This allows them to open a new segment of the restaurant market to home delivery: higher-end restaurants that traditionally did not deliver. The new-delivery players are compensated by the restaurant with a fixed margin of the order, as well as with a small flat fee from the customer. Despite the higher costs of maintaining delivery vehicles and drivers, the new-delivery players achieve EBITDA margins of more than 30 percent.

New delivery business model

The Both aggregators and new-delivery players have attracted significant investment, allowing them to advertise widely and build recognition for their brands quickly. Online food ordering is the process of food takeout from a local restaurant through a web application 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 and also choose from available items and choose delivery payment choice amongst others either by credit card, PayPal or cash, with the restaurant returning a percentage to the online food company.

The new-delivery opportunity

The opportunity for new delivery is to extend food delivery to a new group of restaurants and customers. Rather than competing directly with the aggregators, new-delivery players are expanding the overall market. However, it is possible that in the future even lower-end traditional-delivery restaurants will migrate to new delivery because they will find it more cost efficient to outsource logistics; thus, new delivery poses at least a potential threat of disruption to the aggregators.

The growth in new delivery is driven by two sources of consumer demand. This first is as a substitution for dining in a restaurant. With new delivery, consumers can dine at home with the same quality food they would enjoy at a fine restaurant. The second source of demand is as a substitution for meals prepared and consumed at home.

Independent online food ordering companies offer three solutions. One is a software service whereby restaurants purchase database and account management software from the company and manage the online ordering themselves. The second solution is a Web-based service whereby restaurants sign contracts with an online food ordering website that may handle orders from many restaurants in a regional or national area. The third is where an independent create and offer foods, meals or kits via their website which are then directly sent to consumers.

Customers drawn to the new online food-delivery platforms have a different set of needs and expectations from the traditional pizza customer. Our study uncovered the following important traits:

- *Platforms are sticky.* New-delivery platforms, which personalize the ordering experience by storing relevant customer data. Once customers sign up, 80 percent never or rarely leave for another platform, creating a strong winner-take-all dynamic, in which the reward goes to the player who can sign up the most customers in the shortest amount of time.

- *Time is critical.* Speed of delivery is the biggest variable in customer satisfaction, with an average 60 percent of consumers across markets citing it as a key factor. The optimal wait time is no more than 60 minutes.

- *Meals are for home.* Most orders—82 percent—were placed from home, while only 18 percent were placed from the workplace.

- *Orders spike on weekends.* The highest-volume days for the online platforms were Friday, Saturday, and Sunday, when 74 percent of orders were placed.

According to our research, online food delivery surpassed 40% of the total food-delivery market in 2020. We believe that as the market matures, penetration rates will rise even further, eventually reaching 65 percent per year. The overall level of funding for the industry and the size of marketing budgets are the primary drivers of online food delivery adoption. Due to the geographic expansion of food players, technology penetration—primarily smartphone and online penetration—has been only marginally relevant to the rate of adoption thus far. We believe that the food category will grow in lockstep with the smartphone category as new smartphone users adjust their behaviour to take full advantage of the technology.Technology penetration—mainly smartphone and online penetration—has only been slightly relevant to the speed of adoption so far due to the geographic expansion of food players. We believe that the food category will grow in line with the smartphone category as new smartphone users adapt their behavior to take full advantage of the technology.

Customers expect low prices, quick delivery times and cost-saving options such as discounts and cashbacks. Despite the visible popularity of online food ordering, market penetration at the time of publishing is only around 0.7%. Some of the key players in this online food delivery market include Uber eats, Food panda, Swiggy, Scootsy, and Zomato.

Food delivery businesses are further constrained by a number of factors such as limited delivery times, unpredictable demand patterns, and highly-concentrated peaks in ordering during meal-times, inability to influence external circumstances such as traffic, weather, and changing demands on a daily basis and kitchen operations are the key challenges faced by this industry. Owing to fierce competition and vast market, the online food delivery space needs continuous innovation to improve customer convenience, satisfaction, and retention.

Changing demographics, rising income, consumption levels, favorable lifestyle changes, the convenience of ordering, and aggressive marketing strategies adopted by food startups are some of the factors currently driving growth in the online food delivery industry.

Chennai online food delivery market states that some of the major key players which are recently functioning in this market for doing more upgradation in the online food delivery apps for providing better consumer satisfaction and accomplishing the growing demand for food on the online food delivery apps from the potential consumers include Bundl Technologies Private Limited, Zomato Media Private Limited, Pisces Eservices Private Limited, Faaso's Food Services Private Limited, Food Panda, Foodvista India Private Limited, UberEats and several others. In addition, the attractiveness of online food delivery facility can be recognized to the several benefits it serves, likewise food delivered to the doorstep of the consumer, numerous payment options, attractive discounts, cashback offers and rewards. Reputed restaurants and cafes also find it beneficial and profitable to sell their food with the online platform since it decrease a significant amount of operational overheads. Majorly, the college students, working couples and office goers are the key target consumers of foodtech enterprises.

Increase in the disposable income, families with Double-Income-No-Kids (DINKS), a huge number of people with the access to internet, and growing usage of smartphones are some of the major key factors that are leading the market growth of the online food delivery market in India. Meanwhile, Foodpanda, Swiggy, Faasos and Zomato are recently among the top-rated food ordering aggregators operating in the Indian market. Moreover, more than 80% of the order that some on these online food delivery platforms are from the top five Indian cities likewise Bengaluru, Mumbai, Delhi, Pune, and several others out of the 20 where they are active. Furthermore, many of the key players are investing more in the development of this market and for leading the fastest growth in the reviewed period in India. With the effectiveness and applications of this market, the new entrants are willing to invest in this for making the profit which proved to be beneficial for both the consumer and the investors. Therefore, in the coming years, it is expected that the market of India online food delivery will grow more actively in the near future with the significant development and investment.By 2021, India's food market is estimated to exceed Rs.52 lakh crore; the Indian food market is currently valued at roughly 350 billion US dollars. The industry is seeing a lot of innovation in terms of consumer convenience, satisfaction, and retention initiatives. Many new competitors are entering the market with creative business ideas such as supplying healthy food, home cooked meals, and so on.

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