A Study on Impact of Online Food Delivery Systems on Dine-out Restaurants

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Abstract

This research has taken everyday perceptions about online food delivery systems affecting the traditional dine-in restaurants. Before this study, we assumed that the online systems were directly affecting the business of the traditional dine-in restaurants. They were bringing in problems like deep discounts and changes in their business style. However, we also got to know that although the web applications are affecting the business, they are also helping increase the dine-in restaurants' digital footfalls. We conducted a one-to-one interview with restaurant owners, where we found that the problem was not with the online system but only with some of their policies. We conclude that both the systems can co-exist, and restaurant owners can increase their sales through physical footfall.

1. Introduction

1.1 Brick and mortar restaurant industry

The term "brick-and-mortar" refers to a traditional business offering customers face-to-face in an office store. Restaurants can be of various types; it may be a Café, Fine Dine, Casual dining, Quick serving Restaurants, Food Trucks, or Concession Stands. These have been the oldest form of restaurants. The Indian restaurant market is widely distributed amongst the organized market and unorganized market.

1.2 Online food industry

The online food industry started with single restaurants owning websites, taking orders online, and delivering food at doorsteps, intending to promote their brick and mortar restaurants rather than gaining online sales. This changed with the 'aggregator business model,' wherein an aggregator will bring

various restaurants on a single platform and increase online sales by delivering food. Delivery of food was the breakthrough for online food industry. The emergence of cloud kitchen has increased the scope of online food aggregators.

1.3 Traditional dine outs & online food apps

In recent times we have seen an uproar of new ways of ordering food, as the generation has shifted most of its daily life routine from offline to online. It has filled the gap wherein the people want to eat outside food but within their comfort zone. It has become a blessing for the people who do not want to cook food, have busy schedules, live in hostile cities for work/studies. It is effortless and provides more variety. Electronic business and online food ordering have risen due to changes in consumers' lifestyles, rapid economic development, customers' buying perception, and increased online costumers. India is on the early stage of the online food business. With massive marketing campaigns, offers, and deep discounts, food delivery apps have been able to gain a vast audience in a short period. This emergence of a new market has affected the traditional restaurant

businesses in several ways. It has reduced physical footfalls, changed the way restaurants used to operate faster deliveries, digital payment. The investments made by the restaurants on the ambiance and various other services are not being recovered as restaurants need to provide food at cheaper rates due to the massive competition on the online platform.

2. Problem Statement:

The research focuses on the effect on sales of the traditional restaurant industry with the introduction and boom of India's online food industry and the steps taken by the restaurant owners to tackle the shift of the food industry towards online sales.

3. Objectives/Aims:

- To study the change in the restaurant industry due to the continuous increase in online sales.
- What are the behavioral changes that have been developed amongst the customers that have been changing the trends.
- To get an estimated idea of what are the main issues or reasons for such a shift.

Ex. Prices or offers, services, speed, quality.

4. Literature Review:

The research on consumers' perception of online food ordering and other topics in the Indian context is limited as the online food ordering services have entered the Indian market only a few years back. At present, the Indian food business is getting upgraded day by day due to technology, ideas, and innovation in the online food industry. This results in increasing the satisfaction of consumers and getting them retained.

It can be seen that Rapid urbanization, technological development, urge to try new food variety all these factors have led to immense changes in the restaurant business and food delivery market. The case that online food ordering has just entered the Indian market, and it is still on its way to being a big hit.

Shantashree Das, D. G. (2019). Their research' Influence of online food delivery apps on the operations of traditional restaurants business' shows that delivering food at the doorstep of the consumers is the business's main idea. Online food delivery applications are the medium used by restaurant aggregators.

There is a gap between the small scale restaurants and the work style of food aggregators, and there is a need for a solution to reduce the gap, solve the problems and help small scale restaurants to flourish in the online food industry market.

(Gupta, 2019) says that the customers' comfort is simply the primary aspect. This system helps expand as restaurant owners can display food menus in conjunction with dish name, image, specialty, and price.
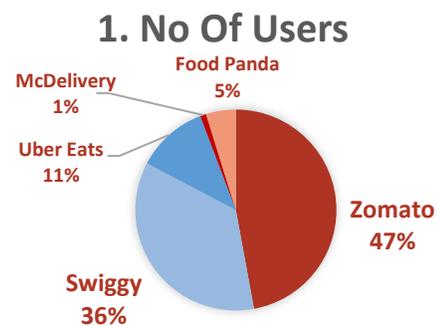
5. Data analysis:
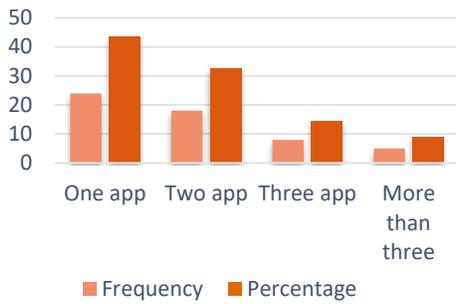
The data is primary data sourced through Questionnaire

Figure 2: No. of apps

Interpretation:

Most restaurant are registered with Zomato and Swiggy covering 80% of entire online food market of India. In the survey we came to know that 47% people are registered to only one app, 32% people have registered in two online apps and less than 10% people are registered to 4 apps.
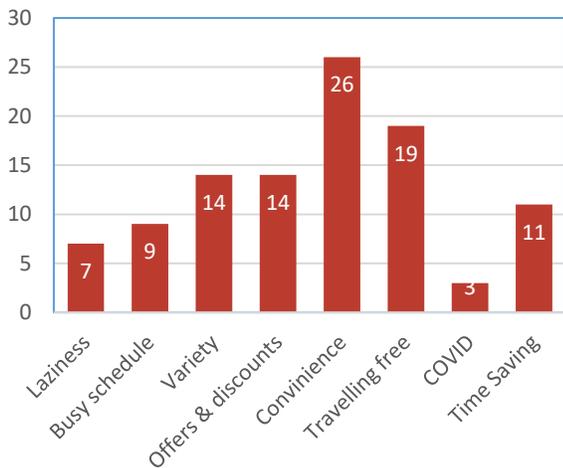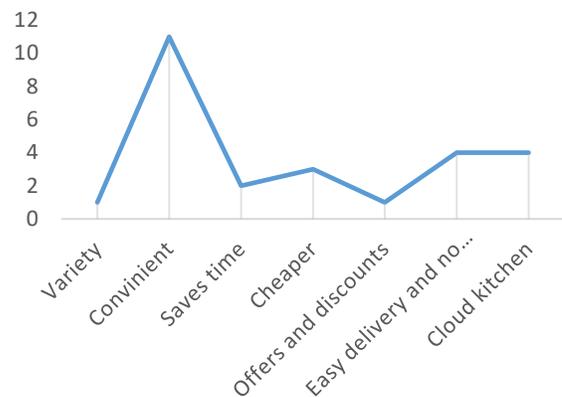

Figure 3: Factors that influence customers

Interpretation:

When we tried to understand why there is a reduction in the footfall, the responses again indicated that online food owners provide convenience and it provides food at the doorstep and the start of cloud kitchen was also indicated as a problem by the restaurant owners.

Interpretation:

We tried to understand the factors which

Figure 4: Reason for reduced footfall

influence the customers to order food online, and as per the responses, the owners think that convenience is the main factor that has led to an increase in online sales. Further, it is also free from the hassle of traveling, which again endures convenience as a factor. Besides this, the vast variety available and the offers and discounts provided by the online food giants on a single go are also significant

reasons. Busy schedule, laziness, time traveling are other reasons for the same.
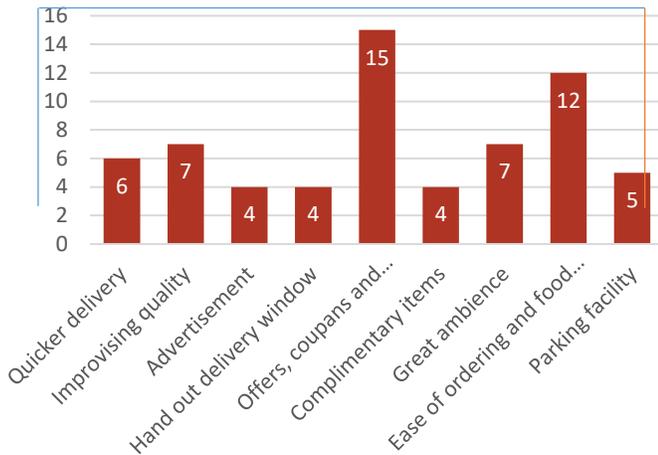
Interpretation:

Figure 5: Steps to tackle online sales

While we were trying to interpret the data to understand what are the steps taken by the restaurant owners to make sure that the online sales do not hamper their local sales we got a plethora of responses, out of these different actions we came up with a certain list of things which were repeated several times to tackle online sales. We certainly believe that some of them might work like ambience, ease of ordering, complimentary items, parking facility, but giving offers and discounts might not be the

best way to tackle online food industry.

6. Findings:

- From the restaurant industry analysis, we can say that there has been an increase in online sales, and people are adapting to new ways of ordering food. However, this shift of food ordering has not ultimately impacted the traditional way of business, and online food orders is an addition to the regular orders.

- Although the number of visits to dine-out restaurants has come down, the overall orders have gone up. It helps dine -out restaurants indirectly, as most aggregators get the food from the.

- According to what we studied, we came to an understanding that the factors like laziness, convenience, time saving and travelling costs are the main factors linked to increase online sales, but they still believe that offering discounts, coupons or reducing the prices will help to tackle the online food industry rather than improving the quality, easing the ordering and food delivery style, enhancing ambience and making dine

out experience of its customers more efficient and convenient.

7. Recommendations:

1. Looking at the features and responses there is a high chance that the traditional restaurants may face huge losses in future due to the online food industry.

2. The most important feature as per the research was convenience, ambience and parking facility:

a. While doing an in-depth survey on entire content it was found that providing an ease in ordering, having a quick food serving system and providing proper parking facilities can improve the footfall of customers.

b. They need to build in some unique features like introducing complimentary items, having a unique ambience which gives customers a personalized experience and a step should be taken to reduce waiting time or have a waiting area where customers don't get bored and feel annoyed.

3. While doing the comprehensive study of the same we came to an understanding that online food industry has many benefits and capability of doing business at a large scale, restaurant owners should increase collaborations or have a likewise platform for their customers to boost their sales.

8. Conclusion:

Through this research we came to a conclusion that the change in market trend here is such that a new market for online food has emerged. The change in consumer behavior is that people have also started to order food online apart from going for the already existing dine-ins.

Before the research we were assuming that price is the main driving factor towards the online food delivery apps. But after doing the survey we came to an understanding that convenience is a prime reason for the shift in customer base. It can be seen that they prefer being in their comfort zone rather than going in traffic hassle.

Previously people had a perception that the online food system have affected the restaurants' footfall, but it was seen that the footfall have fallen but not up to that

greater extent, instead the revenue generation has risen.

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