

India Online Food Ordering and Delivery Market By Operation Type (Food Aggregators & Restaurant-based), By Platform (Mobile Applications and Websites), By Payment (Mobile Wallet, Card Payment, Cash on Delivery, and Net Banking), By Region, By Competition Forecast & Opportunities, 2019-2029F

<https://marketpublishers.com/r/I76242C0F616EN.html>

Date: November 2023

Pages: 77

Price: US\$ 3,500.00 (Single User License)

ID: I76242C0F616EN

Abstracts

India Online Food Ordering and Delivery Market has valued at USD 28.3 billion in 2022 and is anticipated to project robust growth in the forecast period with a CAGR of 26.89% through 2028. The India online food ordering and delivery market have witnessed a remarkable transformation in recent years, driven by changing consumer preferences, technological advancements, and a burgeoning middle-class population. This dynamic industry has become a key player in the country's food service sector, with several notable players vying for dominance.

The online food ordering and delivery market in India have experienced robust growth, thanks to factors such as increased internet penetration, the proliferation of smartphones, and the convenience factor. The COVID-19 pandemic further accelerated this growth as lockdowns and safety concerns prompted a surge in demand for online food delivery services.

Several major players dominate the Indian online food delivery market, including Swiggy, Zomato, and Uber Eats (now merged with Zomato). These platforms offer a wide array of restaurant options and diverse cuisines, making it convenient for consumers to access their favorite meals with just a few clicks.

Competition in this market is fierce, leading to continuous innovation. Players are

expanding their services to include grocery delivery, alcohol delivery, and cloud kitchens, creating a one-stop-shop for various culinary needs. Additionally, partnerships with restaurants and cloud kitchen brands are common, allowing these platforms to offer exclusive menus and promotions.

The Indian consumer's preference for convenience and variety has been a driving force behind the success of online food delivery. Moreover, the increasing adoption of digital payment methods and loyalty programs has further incentivized consumers to order food online regularly.

Despite its growth, the industry faces several challenges, including competition, operational complexities, and regulatory issues. Concerns about restaurant commissions and delivery worker welfare have prompted discussions and protests.

The India online food ordering and delivery market are poised for continued growth. As the country's digital infrastructure improves and consumer spending power increases, the market is expected to expand further into smaller cities and towns. Additionally, the integration of artificial intelligence and data analytics is likely to enhance the customer experience, streamline operations, and optimize delivery routes.

In conclusion, the India online food ordering and delivery market is a dynamic and evolving sector that has witnessed remarkable growth in recent years. With increasing consumer demand, technological advancements, and a competitive landscape, this industry is set to remain a significant player in the Indian food service sector for years to come.

Key Market Drivers

Digital Penetration and Smartphone Adoption

One of the primary drivers of the online food ordering and delivery market in India is the rapid growth in digital penetration and smartphone adoption. With the advent of affordable smartphones and accessible data plans, an increasing number of Indians now have access to the internet. This has revolutionized the way people order food, as they can do so conveniently through mobile apps or websites. According to a report by the Internet and Mobile Association of India (IAMAI), India had approximately 624 million smartphone users in 2021, and this number continues to grow. As more consumers embrace digital platforms, the online food delivery market benefits from a larger customer base and increased engagement.

Furthermore, the ease of use and user-friendly interfaces of food delivery apps have made ordering food online an attractive option for a wide range of consumers, from tech-savvy millennials to older generations. This convenience-driven shift in consumer behavior has fueled the growth of the industry.

Changing Lifestyles and Urbanization

The changing lifestyles and urbanization in India have also played a significant role in the growth of the online food ordering and delivery market. As urbanization continues to rise, more people are living in densely populated cities and metros where the pace of life is fast, and time is at a premium. In such an environment, cooking at home becomes less feasible for many individuals and families. This shift in lifestyle preferences towards convenience has led to a surge in demand for food delivery services.

Moreover, the increasing number of dual-income households and the rise of the working population have created a scenario where people have less time to prepare meals. This trend has further fueled the demand for online food ordering and delivery. Additionally, the COVID-19 pandemic accelerated the adoption of online food delivery services as people sought safer alternatives to dine-in options.

Restaurant Partnerships and Innovation

Another critical driver in the growth of India's online food ordering and delivery market is the strategic partnerships between food delivery platforms and restaurants. Food aggregators like Swiggy and Zomato have established collaborations with a vast network of restaurants, ranging from local eateries to popular chains. These partnerships provide consumers with an extensive menu selection, catering to diverse tastes and preferences.

Furthermore, continuous innovation in the industry has led to improved delivery logistics, shorter delivery times, and enhanced customer experiences. The introduction of features like real-time tracking, contactless delivery, and attractive discounts has made online food ordering more appealing to consumers. Restaurants, in turn, benefit from the expanded reach and increased visibility that these platforms offer.

Additionally, the adoption of cloud kitchens, also known as ghost kitchens, has brought about a new dimension to the industry. Cloud kitchens are optimized for food delivery, enabling restaurants to fulfill online orders more efficiently. This innovative approach

has allowed for the rapid expansion of food delivery services, even in areas with limited dining options.

Key Market Challenges

Fierce Competition and Saturation

One of the primary challenges in the Indian online food ordering and delivery market is the intense competition and market saturation. The market has attracted numerous players, both domestic and international, resulting in an overcrowded landscape. Giants like Swiggy, Zomato, and Uber Eats have dominated the market, making it difficult for new entrants to gain a foothold. Moreover, regional players also fiercely compete in specific markets, further adding to the competition.

This high level of competition has led to aggressive discounting and cash burn strategies to acquire and retain customers. While these strategies may initially boost customer acquisition, they pose sustainability issues. Profit margins for many players remain slim, and it's unclear how long they can continue to operate at a loss. Moreover, the oversaturation also strains the restaurant partners, as they are often forced to offer steep discounts to remain competitive, impacting their profitability.

To overcome this challenge, companies need to focus on innovation, diversification, and enhancing customer loyalty. Differentiation through unique services, menu offerings, or technological innovations can help companies stand out in the crowded market.

Regulatory Hurdles and Compliance

The Indian online food ordering and delivery market faces a complex regulatory environment that varies from state to state. Regulatory challenges include issues related to food safety, taxation, licensing, and labor laws. For example, the classification of food delivery personnel as gig workers or employees has led to disputes and legal battles in some states.

Additionally, the implementation of the Goods and Services Tax (GST) has also posed challenges for the industry. The varying tax rates for different food items and services have added complexity to the pricing structure and compliance requirements.

Ensuring compliance with these regulations while maintaining operational efficiency is a significant challenge for companies in this sector. Non-compliance can result in legal

troubles, fines, and reputational damage.

To address this challenge, the industry needs to collaborate with regulatory bodies to establish clear guidelines and standards. Moreover, companies must invest in robust technology solutions to automate compliance processes and minimize errors.

Last-Mile Delivery and Infrastructure Issues

The success of online food delivery heavily relies on the efficiency of last-mile delivery. In India, last-mile delivery can be particularly challenging due to several factors. Infrastructure issues, including traffic congestion and poorly maintained roads, can result in delayed deliveries and customer dissatisfaction. Additionally, finding and retaining a reliable fleet of delivery personnel is an ongoing challenge for many companies.

Furthermore, the logistical complexity of delivering food while maintaining its quality and temperature adds to the operational challenges. Ensuring that food is delivered hot and fresh is crucial for customer satisfaction, but it requires investments in specialized packaging and delivery infrastructure.

To address last-mile delivery challenges, companies need to invest in technology-driven solutions, such as route optimization algorithms and real-time tracking systems. Collaborating with local authorities to improve infrastructure and reduce traffic congestion can also help mitigate these challenges.

Key Market Trends

Hyperlocal Expansion

One of the prominent trends in India's online food ordering and delivery market is the hyperlocal expansion of services. Food delivery platforms are increasingly focusing on catering to specific neighborhoods and localities within cities. This trend is driven by the desire to reduce delivery times, enhance customer satisfaction, and optimize operational efficiency.

Hyperlocal expansion involves setting up smaller, more specialized distribution centers or hubs in various localities. These hubs enable quicker and more efficient food deliveries, as they are strategically located to serve a specific radius. Additionally, hyperlocal expansion allows platforms to offer a wider variety of cuisine options and

cater to local tastes and preferences.

Moreover, this trend is supported by the growing availability of data analytics and machine learning, which help companies identify demand patterns, optimize delivery routes, and personalize offerings at the neighborhood level. As a result, customers can expect faster deliveries and a broader selection of food choices tailored to their location.

Sustainable Practices

Sustainability has become a significant concern for consumers and businesses alike, and it is increasingly shaping the online food ordering and delivery market in India. Customers are becoming more conscious of the environmental impact of their choices, including food delivery. As a result, there is a growing demand for sustainable practices within the industry.

To address this demand, many food delivery platforms in India are adopting eco-friendly measures. This includes using biodegradable packaging, optimizing delivery routes to reduce fuel consumption, and promoting responsible waste disposal. Additionally, some platforms are encouraging customers to choose eco-friendly options and offering incentives for doing so.

Furthermore, sustainability extends to the sourcing of ingredients. Consumers are increasingly interested in knowing where their food comes from and whether it is ethically sourced. Food delivery platforms are responding by partnering with restaurants that prioritize sustainable and locally sourced ingredients, thereby aligning with the broader sustainability movement in the food industry.

Technology Integration and Enhanced Customer Experience

The third trend shaping the online food ordering and delivery market in India is the continuous integration of technology to enhance the overall customer experience. This trend encompasses several aspects, including the use of artificial intelligence (AI), data analytics, and automation.

AI-driven chatbots and virtual assistants are being deployed to handle customer queries and streamline the ordering process. These chatbots can provide recommendations, answer questions, and even process orders, making the experience more convenient and efficient for customers.

Moreover, data analytics plays a crucial role in understanding customer preferences and behavior. Food delivery platforms are leveraging data to offer personalized recommendations, discounts, and promotions. By analyzing past orders and user interactions, these platforms can anticipate customer needs and create tailored experiences.

Automation is another key component of enhancing the customer experience. This includes automated order tracking, real-time updates on delivery status, and contactless delivery options. Such features not only improve customer satisfaction but also address health and safety concerns, especially in the context of the COVID-19 pandemic.

Segmental Insights

Operation Type Insights

The restaurant-based operation type plays a pivotal role in the flourishing India online food ordering and delivery market. With a vast and diverse culinary landscape, India has witnessed a remarkable transformation in how its population satisfies their gastronomic desires. This shift has been primarily driven by the convenience, variety, and accessibility offered by restaurant-based online food delivery platforms.

One of the key reasons for the significant share of restaurant-based operations in the Indian online food ordering and delivery market is the extensive network of restaurants across the country. India boasts a rich and diverse culinary heritage, and this diversity is reflected in the thousands of restaurants that cater to different tastes and preferences. These restaurants have embraced the digital era, partnering with online food delivery platforms to reach a wider customer base. As a result, consumers have access to an extensive array of cuisines and dishes, ranging from traditional Indian delicacies to international flavors, all at their fingertips.

Another crucial factor driving the dominance of restaurant-based operations is the trust and familiarity associated with established eateries. Indian consumers often prefer ordering from well-known restaurants with a good reputation for quality and taste. Online platforms have made it easy for consumers to discover and order from their favorite restaurants, ensuring a consistent and satisfying dining experience.

Moreover, restaurant-based operations often provide a seamless and user-friendly ordering experience. These platforms offer detailed menus, real-time tracking, and various payment options, making it convenient for customers to place and receive their

orders. Many restaurants also offer exclusive discounts and promotions through these platforms, further incentivizing customers to order online.

The COVID-19 pandemic has accelerated the adoption of restaurant-based online food ordering and delivery in India. With lockdowns and social distancing measures in place, consumers turned to online platforms to satisfy their food cravings while staying safe at home. Many restaurants, adapting to the changing circumstances, expanded their online presence and delivery services, solidifying their role in the market.

In conclusion, the restaurant-based operation type has a significant share in the India online food ordering and delivery market due to its vast network, trusted reputation, convenience, and adaptability. As technology continues to advance and consumer preferences evolve, it is likely that this segment will continue to thrive, providing an even wider array of culinary options for India's diverse and discerning population.

Platform Insights

Mobile applications have become a cornerstone of the online food ordering and delivery market in India, playing a pivotal role in shaping the industry's growth and success. In recent years, this platform has secured a substantial share in the Indian market, revolutionizing the way people order and receive food.

India's online food ordering and delivery market has witnessed remarkable growth in the past decade, driven by factors like urbanization, busy lifestyles, and the convenience offered by mobile apps. The penetration of smartphones across the country has further accelerated this transformation. Mobile applications have become the preferred choice for consumers seeking a quick and hassle-free way to satisfy their culinary cravings.

One of the primary reasons for the dominance of mobile apps in the Indian food delivery market is the convenience they offer. These apps provide users with a wide range of restaurants and cuisines at their fingertips. Whether it's traditional Indian dishes, international flavors, or niche delicacies, mobile apps connect customers to a plethora of options, allowing them to explore and make informed choices.

Moreover, the user-friendly interfaces of these apps make the ordering process simple and efficient. Customers can browse menus, customize their orders, and even track their deliveries in real-time, enhancing their overall experience. Additionally, mobile apps often feature loyalty programs, discounts, and exclusive offers, further incentivizing customers to order through this platform.

For restaurants, mobile applications offer a powerful channel to reach a broader customer base. They can expand their reach without the need for significant physical expansion, making it a cost-effective strategy. Partnering with popular food delivery apps allows restaurants to tap into a vast pool of potential customers, increasing their visibility and revenue.

The COVID-19 pandemic acted as a catalyst for the adoption of mobile food delivery apps. Lockdowns and safety concerns prompted many people to rely on these platforms for their daily meals. This surge in demand led to rapid growth and innovation within the industry, with new players entering the market and existing ones expanding their services.

Mobile apps also facilitate cashless transactions, which align with the government's push for digital payments and financial inclusion. This not only enhances the user experience but also contributes to the broader digitalization of the economy.

Regional Insights

The South region of India has emerged as a dominant player in the rapidly growing online food ordering and delivery market. With its rich culinary heritage, diverse food culture, and a burgeoning tech-savvy population, the South has secured a substantial share in this dynamic industry. Several key factors contribute to the region's prominence in the India online food ordering and delivery market.

Firstly, the South boasts a plethora of local and global cuisines that cater to a wide range of tastes and preferences. From the fiery Chettinad dishes of Tamil Nadu to the flavorful biryanis of Hyderabad, and the delectable seafood of Kerala, the South's culinary offerings are a gastronomic delight. Online food platforms have capitalized on this diversity by offering a vast menu selection, attracting food enthusiasts from all over India.

Secondly, the high internet penetration and smartphone usage in the South region have played a pivotal role in the success of online food delivery platforms. With a tech-savvy population that is comfortable using mobile apps and making online transactions, ordering food online has become a seamless and convenient experience. This has led to an increased adoption of online food delivery services, boosting the market's growth.

Furthermore, the South's metropolitan cities like Bangalore, Chennai, and Hyderabad

have emerged as tech hubs with a significant concentration of young professionals and students. These urban centers are the primary target for online food delivery services due to their busy lifestyles and higher disposable incomes. The demand for quick and hassle-free food delivery options has soared, making these cities lucrative markets for food delivery platforms.

Moreover, the South's unique cultural festivals and food-centric celebrations provide ample opportunities for online food ordering platforms to thrive. Events like Pongal in Tamil Nadu or Onam in Kerala witness a surge in food orders, as people prefer to enjoy traditional dishes delivered to their doorstep. Online platforms leverage these occasions to promote special menus and exclusive deals, further enhancing their market share.

Key Market Players

Jubilant FoodWorks

Zomato Limited

Box8

Bundl Technologies Private Limited (Swiggy)

FoodVista India Private Limited

Rebel Foods Private Limited (Faasos)

Yum! Brands, Inc.

Biryani by Kilo

Eat.Fit

Fresh Menu

Report Scope:

In this report, the India Online Food Ordering and Delivery market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

India Online Food Ordering and Delivery Market, By Operation Type:

Food Aggregators

Restaurant-based

India Online Food Ordering and Delivery Market, By Platform:

Mobile Applications

Websites

India Online Food Ordering and Delivery Market, By Payment:

Mobile Wallet

Card Payment

Cash on Delivery

Net Banking

India Online Food Ordering and Delivery Market, By Region:

North

West

South

East

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the India Online Food Ordering and Delivery Market.

Available Customizations:

India Online Food Ordering and Delivery Market By Operation Type (Food Aggregators & Restaurant-based), By Pla...

India Online Food Ordering and Delivery Market report with the given market data, Tech Sci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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