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ANALYZING THE ONLINE FOOD SERVICE INDUSTRY: A COMPREHENSIVE STUDY USING PORTER'S FIVE FORCES MODEL AND PEST ANALYSIS

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ABSTRACT:
One of the companies of online commerce that is now growing the fastest is food delivery services. The main difference between traditional and online food ordering is the range of an app between the end user and the distributor. The study uses secondary data sources to examine how external factors affect the online meal delivery industry's business strategy. The study uses the PEST framework and Porter's Five Forces model of industry analysis, with positive managerial implications. According to the report, there are good chances for the online food business to grow, but in order to remain competitive, they must adopt more expansion or competitive strategies to expand their operational skills as their customer base grows. The effects of the online food service sector are explored.

KEYWORD: *ONLINE FOOD SERVICE, PEST FRAMEWORK, PORTER'S FIVE FORCES MODEL*

INTRODUCTION

Since various online channels now let food aggregators take over markets and customers, the commercial service of delivering food items from restaurants to customers' doorsteps is undergoing a fundamental change as a result of technological advancement. Additionally, the credit point and discount coupon are given to the sales level.

Restaurants offer electronic ordering via their online restaurants or mobile platforms that serve various restaurants, and these restaurants accept orders by text messages. Such internet food delivery services are in high demand, as customers are discovering to their joy. The majority of consumers have demonstrated a preference for food to be provided instantly rather than wasting time twirling a spoon in a cup, which has pushed up industry growth rates.

POTENTIAL PLAYERS IN ONLINE FOOD DELIVERY INDUSTRY

As people's curiosity with technology grows, online food ordering has become a common business model. Multi-restaurant food delivery applications have changed the manner that food is often delivered. The table below lists businesses in the online meal delivery sector along with their country of origin and year of establishment.

List of Companies	Country of origin	Year of establishment
Zomato	Haryana, India	2008
UberEats	San Francisco, California, U.S.	2014
FoodPanda	Berlin, Germany	2012
Swiggy	Bangalore, India	2014
Grubhub	Chicago, Illinois, U.S.	2004

Deliveroo	London, England, UK	2013
Domino's Pizza	Ypsilanti, Michigan, U.S.	1961
Just Eat London	England, UK	2001
DoorDash	San Francisco, California, US	2013
Postmates	San Francisco California, US	2011
Swiggy	Karnataka, India	2014
Foodpanda	Haryana, India	2012
Faasos	Maharashtra, India	2011

INDIAN PLAYERS IN ONLINE FOOD DELIVERY INDUSTRY

trend, many suppliers offer a home delivery option that gives clients convenience and affordability. Some of the top delivery aggregators, such McDonald's, Swiggy, Zomato, and Domino's Pizza Inc., introduced contactless delivery systems during COVID-19.

Restaurants invest a lot of money in their interior design and furnishings to give their patrons a comfortable and pleasant experience. Small businesses frequently outsource non-core economic tasks like food delivery, which was previously the domain of large firms. As a result, more business owners and marketers are becoming aware of the value in outsourcing food delivery services and are researching it.

The use of an online food delivery The size of India's online food distribution business was US$ 2.9 billion in 2019, and it is now expected to reach US$ 4.35 billion in 2020, indicating a healthy growth in this sector. In 2022, the market for online meal delivery in India was worth US$28.4 billion. The market is primarily being pushed by the soaring sales of smartphones and the expanding availability of high-speed internet services. Additionally, the demand for online meal delivery services is increasing due to the growing working population and rising consumer income levels. Additionally, the industry is expanding as a result of the new trend of ready-to-eat (RTE) and reasonably priced meal delivery choices for quick home delivery and on-the-go consumption.

The term "ordering food through an online platform" refers to the process of using a mobile application or visiting a website to place an order.

These online platforms enable their users to develop a dependable and hassle-free food-purchasing experience. These websites or applications provide a variety of payment methods, including cash on delivery, debit/credit cards, net banking, mobile wallets, etc. According to the experience of food operators providing premium online service and the operator's grasp of consumer taste and tastes after estimation, customers utilize the online ordering app for convenience, faster delivery, order, reliability, and ease of use.

Smartphone sales have rapidly increased as a result of facilities created in response to the internet's high level of accessibility. This is fueling India's expansion in this sector, along with the country's expanding working population and rising revenue levels. Currently, there are a lot of online food vendors on the market, but they tend to be focused in urban areas. Bangalore, Delhi, and Mumbai service the three biggest marketplaces. Smaller cities are now being targeted by vendors as well because of their significant growth potential. In addition to the expanding service reduces this fixed cost because the food is delivered directly to the customer's door without the need for fixed cost investments. Additionally, if diners visit restaurants during peak times and take longer to finish their meals, the restaurants will lose a lot of business. The previous four to five years have seen incredible growth in the food distribution industry.

1. **ZOMATO**

Zomato is a global network for finding restaurants and ordering food online. Its primary objective is to give customers access to menus, reviews, and ratings for restaurants. The platform offers choices for online table reservations and food delivery services, as well as allowing users to search for restaurants by cuisine, location, and price range. Zomato has expanded its operations beyond its main business to offer additional services including grocery delivery, online ordering, and events and experiences. The organization has operations in over 24 nations throughout the world, including India, the US, Australia and the UAE.

2. **SWIGGY**

Over 500 Indian cities are served by the online food delivery service Swiggy, which is operated by Bundl Technologies Private Limited. Its main business is delivering food to customers' doorsteps from nearby restaurants. The platform offers quick and dependable meal delivery services, with an average delivery time of about 35 minutes, using a cutting-edge technology system. Swiggy provides other services including online ordering, restaurant bookings, and grocery delivery in addition to its meal delivery options. In order to give customers more meal options, the business has now introduced its own cloud kitchens under the name Swiggy Go.

3. **FOODPANDA**

Currently, Delivery Hero's subsidiary, Foodpanda, offers international online food delivery services. Customers can select from a broad array of meal selections thanks to the platform's wide selection of cuisines and menu options. Foodpanda provides pick-up and take-away services from affiliated restaurants in addition to its food delivery services. The corporation currently conducts business in over 40 nations throughout the world, including those in Asia, Europe, and the Middle East. Additionally, it collaborates with thousands of nearby eateries and food sellers, giving guests access to a wide variety of dining options.

4. **FAASOS**

In excess of 15 cities in India are served by the quick-service restaurant brand Faasos. It offers consumers a variety of meal alternatives delivered right to their door. Customers can order meals using the platform's website and mobile app, which offers a wide variety of cuisines like Indian, Chinese, Italian, and more. Faasos runs its own quick-service restaurants where patrons can eat in and place orders from a constrained menu in addition to offering meal delivery services. Additionally, the business introduced its own cloud kitchens and received recognition for its creative approach to the meal delivery sector, including being named one of India's most inventive businesses by Fast Company in 2017.

5. **DOMINO'S**

Over 17,000 Domino's locations can be found in more than 90 different countries worldwide. Domino's is an American international chain of pizza restaurants. The restaurant is most well-known for its pizza selections, which include both traditional toppings like pepperoni and cheese and more unusual ones like chicken tikka and tandoori. Additionally, the business serves desserts including chocolate lava cake and cinnamon twists in addition to sides like breadsticks, chicken wings, and salads. Domino's is well renowned for its delivery services in addition to its customary dine-in and take-out options. Customers were guaranteed that their pizza would be delivered within 30 minutes or it would be free according to the company's 30-minute delivery guarantee, which was among the first to be used. In addition, the business has experimented with robot and drone delivery and offered a voice-activated ordering system via Alexa from Amazon.

OBJECTIVES OF THE STUDY

1. To identify the different external elements influencing the online food sector.
2. To examine the Porter Five Force Model's implications.
3. To examine the analysis of the PEST Framework.
4. To determine the sustainability programs of the biggest online meal delivery services

RESEARCH METHODOLOGY

It is a descriptive research. The PESTLE Framework and Porter's Five Force Model were used to carefully assess recent literature in order to understand the developments in the online food delivery industry. Through the use of secondary data, tactics and future demand were investigated in order to outline and describe numerous factors that affect the sustainability of food aggregators in the current market. Data for the study was gathered from published sources, including sales data from various companies' official websites, survey results, journal research papers, reports from various marketing research agencies, and reports from government organizations.

PORTER'S FIVE FORCE ANALYSIS OF INDIAN FOOD DELIVERY BUSINESS

A combination of ideas known as a business model produces a value proposition through achieving a long-term objective. The business model identifies an organization's place in the value chain and explains how it makes money. Finding appropriate business models that boost customer value and revenue, as well as conducting a thorough analysis of the model, is currently a difficulty for firms. To assess its competitive position, the study employs Porter's Five Forces model. In order to analyze five interrelated factors that are crucial for a company to become and remain competitive, Harvard economist Michael Porter used the principles of industrial organization economics. These factors are competitive rivalry, the threat of new entrants, the threat of substitutes, buyer bargaining power, and supplier bargaining power.

(1) Threat of new entrants

Depending on the type of goods, this factor ranges from low to high. It becomes low as infrastructure expenses rise. Where the cost of operating is lower, it rises.

The threat of new entrants is minimal because Swiggy and Zomato are the two biggest players in the sector with a combined market share of 70–80%. With the largest user base, Swiggy was dominating the market. However, Zomato's acquisition of Uber Eats is giving Swiggy fierce competition. In comparison to Swiggy and Zomato, Ola's investment growth has slowed with the addition of FoodPanda.

Strategy

Organizations operating in this sector can choose the expansion strategy for growing the market share by further foraying into Indian marketplaces because the threat of new entrants is low for established firms. Many cities in tiers 3, 4, and 5 have not yet been covered. The strategy has to enhance collaboration with as many cafés and eateries as possible.

(2) Threat of substitution

The nature of the product makes this factor important. It is higher since identical products are readily available. The threat level of substitution can be decreased by having a unique product with differentiating features.

Since every food delivery app is accessible to the customer on the same platform, there is a very high risk of substitution. The user can effortlessly go from one program to another because there are numerous options available at the same time. Assuming a user searches for "Biriyani," then he or she can compare both platforms side by side to pick on the portion size, pricing, preferences, and brands. As a result, switching between apps becomes a key component of substitution.

Strategy

Threats of substitutes have a detrimental impact on the development of brand equity and are inversely correlated with brand loyalty. In such a situation, brand ranking follows financial expenditures. Although higher topline revenue is generated by higher cash burns, profitability still faces challenges.

The following crucial components of a building strategy are:

1. Creating a good or service with distinctive attributes
2. Loyalty Initiatives
3. Education campaigns
4. Emotional Connectivity (Customer Intimacy)

(3) Bargaining power of the Buyer

The range of this factor is from mild to high. The buyer's power of negotiation grows as there are more options available to him or her. The buyer has several possibilities thanks to promotional offers, discounts, and a wide selection of products.

Due to the availability of identical products, internet food industry is particularly vulnerable to substitution. Similar to that, it increases the customer's ability to bargain. Organizations frequently make clients more and more offers in an effort to increase their customer base. However, it frequently occurs that these clients quit when the promotion expires. The negotiation power is evident here.

Strategy:
Businesses have to constantly try to increase their consumer base. Customer negotiating power decreases as the number of customers rises. To address this issue, the product offering also needs to be distinctive. Premium memberships may aid in the retention of influence for important market participants.

(4)Bargaining power of supplier:
This variable ranges from modest to high. Suppliers typically hold the upper hand in the raw material market. Annual contracts become essential to guarantee the continuous supply to the anticipated production. Production costs could rise as a result of the supplier's enhanced bargaining power. Suppliers in this online meal delivery industry include food establishments like restaurants, cafes, bakeries, and fast food chains. Standardization is one of the primary requirements for adding suppliers. Regardless of geography, the buyer anticipates the same flavor from the same food product. Although obtaining raw materials is simpler in Tier 1 cities, it may become more challenging in other Tier cities. Due to difficulties in the supply chain, suppliers' bargaining strength can still be described as Moderate.

Strategy
The following tactics can be used by businesses to reduce the supplier's negotiating power:
1. Creating a product portfolio that takes into account various providers.
2. Designating a minimum of two providers to reduce reliance and single points of failure.
3. Fixed-price year contracts with suppliers can assist control and lower production costs.
4. A timely evaluation of the pricing is crucial to reducing errors in supply and an unusual price increase.

(5) Competitive Rivalry:
Competitive rivalry has a higher level of acrimony. In each of the food categories, the expanding potential of Indian markets draws a large number of domestic and foreign businesses. In India, the e-commerce industry is substantially expanding. The online food delivery industry has grown by more than 100% during the last three years. Zomato purchased Uber Eats in order to gain a larger market share. Zomato's revenue in FY19 was USD 206 million. However, they spent $500 million on marketing. Additionally, they claimed, "We are losing Rs. 25 for every delivery." All of this is done to acquire market share over Swiggy, its main rival.

Strategy
The growing rivalry is detrimental to the success of businesses. In the battle to seize the market share, a lot of organizational capital is depleted. The following are a few strategies for dealing with competition.
1. Recognizing and filling in customer experience gaps.
2. Creating a distinct offering category to demonstrate distinction.
3. The secret is innovation. Innovative items frequently draw a growing number of consumers.
4. enhancing customer support. The client is always right, so keep that in mind.

PEST ANALYSIS FRAMEWORK
Companies utilize PEST analysis to monitor the world in which they work or to arrange the introduction of a new project/product/service, etc. When evaluating a certain idea or tactic, one may want to analyze and maintain track of the system's view of a complete ecosystem from a variety of angles. Each of the variables differs based on the industry, but because the PEST analysis is a far more thorough version of the SWOT analysis, it is necessary for every strategy a corporation desires to establish. It is employed for a qualitative report on an industry's or company's examination of the external environment.

(1) Political
Every food industry in the world is subject to a complex regulatory framework from governments. This covers the standards for workers, product storage and delivery, as well as the cleanliness of commercial kitchens and sculleries. As a result, the food business is unquestionably one of the ones that is most tightly regulated. Positively, this means that consumers won't receive poor nutrition, but the regulatory complications will undoubtedly have an impact on the margins of the food industry. Online food aggregators must adhere to several terms and conditions, including background checks on employees and sufficient training in food delivery within certain parameters, in addition to the laws.

(2) Economic

The food industry in India was estimated to be worth about 23 trillion rupees in 2015 by the Boston Consulting Company, and by 2020, it is anticipated to surpass 42 lakh crores. As the population grows, this has consequences.

The majority of the population is young, and as a result, they have a greater hunger for fast food, which has led to the expansion of this industry. The majority of the young generation's jobs are in the information technology, tourism, finance, and hospitality industries, which has raised their level of living and boosted their wealth. The societal patterns are changing in many regions, which is another factor driving this industry's growth.

(3) Social

People are more conscious of the connection between diet and our bodies as a result of changes in lifestyle and diet. There is a clear link between what we eat and our overall health. Many people are looking for healthier ways to feed their bodies as a result. Concerns about the procedures of the terms and conditions of the food supply and therewith, refunds, and the dissemination of credit card number sharing over the Internet are all considered as flaws, as well as the inability to view or handle the product in person.

This does not necessarily have a good or bad effect on the food industry, but it guarantees that in order to stay competitive, market actors in the food sector will need to adjust. For instance, fast food chains will likely need to transition away from traditional, high-calorie fried items and toward healthier options like salads. Additionally, due to a higher standard of living, some lifestyle changes have been observed, particularly in urban India with dual family earners who struggle to manage quality time for spending with family members. This has resulted in a significant change in eating habits and an increase in the demand for easy access to food products at affordable prices, particularly cooked food products. Currently, more women are supporting themselves financially in many cities.

Therefore, a large portion of a woman's productive hour is spent working and traveling. Women who work as a result have less time to cook healthy meals at home. As a result, these women typically spent a sizable percentage of their discretionary income to have meals delivered so they could spend dinner at home with their families. Online food delivery services can discourage home cooking, which may affect how well-rounded a customer's diet is. As a result, it is challenging to keep customers.

(4) Technology

A large number of firms are entering the Indian food industry sector as a result of increasing consumer access to the internet and smartphones. When the entire procedure is made simple, the consumer experiences no hassles. Since everything is done on a tablet and no documentation is required, paper waste can be avoided while dining out.

The performance of any firm, in general, depends on a few key factors. The most important factors to consider while conducting a thorough market study are the choice of cutting-edge technology and the company's future goals.

The interface of advanced technology has improved market share, increased prospective revenues, and structured competitive advantage.

The interface of advanced technology has improved market share, increased prospective revenues, and structured competitive advantage. Information and communication technology (ICT) has been demonstrated to be a crucial instrument to acquire and maintain a competitive advantage over other companies in the sector in this digital age. Indian shoppers expect the same experience while purchasing meals online because they find using digital applications to browse online shopping sites to be highly simple and convenient. Food service companies should examine the problems with how digital apps operate and concentrate on resolving the problems that face online users. They must design a platform that provides a "user-appealing experience," which will subsequently raise consumer satisfaction levels.

To improve customers' desire to purchase meals online, food aggregators must leverage low-cost technology and develop fresh strategies and designs for their websites. Creating value for customers is currently in demand. For instance, Zomato, one of India's top food aggregators, started providing a range of products and services to increase sales. In addition, they also provide business consulting services and services like Zomato Foundation, Zomato Book, and Zomato White, which have improved the sustainability of their revenue model.

CONCLUSION

The internet food service sector has developed into a dynamic and cutthroat environment, w sustainability emerging as a critical factor in success. This descriptive analysis has shed importa on the sustainable business practices used by the sector's leading companies. It is clear sustainability is more than just a trendy word; it is a strategic necessity that includes considera the environment, social responsibility, and economic viability.

One of the most popular new trends in online food delivery in India. The modern social lifestyle pa of the average Indian is significant enough to encourage the creation of platforms for quick int delivery and food-on-the-go. The expansion of this online food industry is being fueled by a numb causes, including an ever-increasing population, particularly in crowded metropolises, lengthier tr times, and the ready-to-eat and less expensive alternative of getting food delivered to one's door. T study employed PEST analysis and Porter's Five Force analysis to identify several sustaina possibilities.According to the report, in order to keep their current consumers and attract new c the online food delivery business needs to update their apps with new features and offer m promotions and discounts. The rise in this industry has, however, boosted the number of job openi for young people in the field and raised living standards. As a result of new trends in the inter foodservice sector, India's GDP will increase.

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