

## **A STUDY ON CUSTOMER PERCEPTION TOWARDS FOOD AND BEVERAGE UNICORN STARTUPS WITH REFERENCE TO ONLINE FOOD DELIVERY APPLICATIONS**

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### **ABSTRACT**

*Startup India Scheme was launched by Prime Minister Shri. Narendra Modi on 16th January 2016 which is an initiative towards employment generation and wealth creation with a goal towards innovation of goods and services. Today, India has the third largest Start-up ecosystem in the World after USA and China. There has been significant popularity among Food and Beverage related Unicorn Startups w.r.t Online Food Delivery Applications viz. Swiggy, Zomato etc. With an increase in market competition and customer demand, organisations are striving hard to outreach maximum customers, ensure customer loyalty and retain old customers. With blooming businesses in tech savvy India, there has been a significant change in method of ordering and delivering food vis-a-vis the traditional methods. This study is focussed on customer perception towards Food and Beverage Unicorn Startups with respect to Online Food Delivery Applications and for this data is collected with the help of structured questionnaire. Data being collected from Airoli, Navi Mumbai and analysed using SPSS Software.*

**Keyword:** Unicorn Startup, Online Food Delivery Applications, Swiggy, Zomato, Airoli, Navi, Mumbai

### **INTRODUCTION**

#### **Introduction on Startups:**

Every youth has dreams and aspirations to become successful in life. Hard work, efforts, commitment and dedication can certainly help one achieve success. But, along with one's own efforts, support from others in the society also plays a vital role. Support can mean both financial or morale support.

One such initiative by the Government of India is the "Startup India Scheme". Startups are young companies founded to develop a unique or innovative product or service. It

could be a completely new product or service or simply an innovative addition to an existing product or facility, thus, making it unique. Rooted in innovation, a startup aims to remedy deficiencies of existing products or create entirely new categories of goods and services.

Startups aims to build a strong ecosystem for nurturing innovation and to drive sustainable economic growth and generate large scale employment opportunities. Start-up India scheme was launched by Prime Minister Shri. NarendraModi on 16th January 2016.

Today, India has the third largest start-up ecosystem in the World after USA and China.

### **Introduction to Unicorn Startups**

American venture capitalist Aileen Lee introduced the term – “Unicorn Startup”. A unicorn startup is a privately held venture capital financed startup with a valuation of \$ 1 billion or more. Unicorn startups are not expressly valued on the basis of their current performance but largely based on their growth potentials as perceived by investors and venture capitalist who have taken part in various funding rounds.

### **Introduction to Online Food Delivery Applications**

Online food delivery applications are mobile phone based applications that aggregates all nearby registered restaurants and food outlets as per our geographic location using smart phones. Further, we can select our required food out of multiple options with price comparison among various restaurants, place the order, make the payment and get our food delivered at the required location easily at our fingertips. They are intermediaries which connects customers and restaurants.

### **Zomato**

Zomato is one of the best food delivery apps in India, having founded in 2008 with its former name being Foodiebay and later being renamed as Zomato in the year 2012. This is a food and beverage related startup being founded by PankajChaddah and DeepinderGoyal having its headquarters in Gurgaon, Haryana, India and having its delivery locations not only in India but also all over the World viz., UAE, UK, Singapore and Lebanon. Thus, no doubt Zomato is an Indian tech savvy startup app supported by e-commerce which has reached overseas market and has become a global inspiration and also providing employment opportunities globally by charging merely a commission of

18 – 25% to restaurants depending upon their linked sales revenue. Also, Zomato has led to transformation in business and social practices by creating a paradigm shift in the method of ordering food and outreaching maximum customers which at times traditional restaurants on their own may not be able to reach. Further, Zomato aims at adopting 100% electric vehicles and bicycles to its fleet of vehicles for delivery by 2030. It also focuses on reduction, re-use and recycling of waste and plastic neutral deliveries. These aspects show Zomato's contribution towards a sustainable future.

### **Swiggy**

Swiggy is yet another popular online food delivery startup app being founded in the year 2014 and having its headquarters at Bangalore, India. Sriharsha Majety, Nandan Reddy and Rahul Jaimini being its founders, Swiggy charges around 18 – 23% commission to restaurants depending upon their linked sales revenue. Swiggy is also an Indian tech savvy startup app supported by e-commerce. Also, Swiggy has led to transformation in business and social practices by creating a paradigm shift in the method of ordering food and outreaching maximum customers which at times traditional restaurants on their own may not be able to reach. Further, Swiggy commits to increase deployment of electric vehicles and bicycles by 2025 so as to contribute towards a sustainable future and reduce pollution.

### **Traditional methods of ordering food**

Traditionally, food was ordered through phone calls made to restaurants to deliver at a particular location or even by personally visiting the restaurant and placing order of food to be delivered at a future time or date or even hand pick of order by self or someone else not being a delivery personnel. In short, we contacted the restaurant or food outlet directly for delivery of food.

### **REVIEW OF LITERATURE**

Various studies have been conducted on startups in general but not much research work is done on food and beverage related startups and further linking it with Online Food Delivery Applications. Rarely, any research exists studying about a change in Business and social behaviour with respect to Online Food Delivery applications and further studying about its contribution towards a sustainable future.

DeepashreeChatterjee (2020), in her research paper titled “Start-up India – A Step towards Prosperity”, is of the opinion that innovations are indispensable for the development of the nation and so the importance of startups cannot be denied. Start-up India programme is launched to encourage innovations and promote entrepreneurship especially among India’s young minds. Start-up India programme has definitely boosted entrepreneurship in India and also created various job opportunities. Challenges to be overcome by startups include developing a culture and sustaining it, mentorship, and compliance with required Government policies, financing and attracting talented and skilled people to join their startups, developing organisational structure and adequate planning and forecasting. She emphasises that it is time for India’s young generation to do something for the welfare of humanity and that of the Nation.

IlluriVenkatanarayana (2016), in his Research Paper titled “Start-ups in India: Sustainable Development”, Start-up India initiative is to encourage the young entrepreneurs to greatly involve in entrepreneurship for better future of the Nation. This initiative will also provide employment opportunities. Also, barriers like stringent licensing, lack of bank support, absence of tax holidays etc. will be overcome.

IANIS, New Delhi (2021), in its online news article titled “Swiggy commits to increase deployment of electric vehicles by 2025”, Swiggy being an unicorn start up pertaining to food and beverage industry commits to go green by deployment of electronic vehicles in its fleet enabling it to pollution free by 2025.

## **RELEVANCE OF THE STUDY**

Easy ordering of food online using mobile apps has led to revolution in the food and beverage industry from traditional to modern methods. The food delivery app company does not own any restaurants of its own but merely registers various restaurants on its app. In this study, an attempt is being made to study the overall satisfaction level of customers using online food delivery applications over traditional methods of ordering food.

## **SCOPE OF THE STUDY:**

**Conceptual Scope:** This study is limited to study of customer preference towards ordering food traditionally or using online food delivery applications in Airoli, Navi Mumbai.

**Area:** The area selected for study is Airoli, Navi Mumbai

**Age Group:** All age group respondents are included in the study.

**Gender:** Both male and female respondents are selected.

**Occupation:** Students and working group respondents are considered.

### **RESEARCH METHODOLOGY:**

**Class of respondent:** The sample selected for the study is 200 respondents residing in Airoli, Navi Mumbai irrespective of the age or profession.

**Sampling method:** For collection of primary data, non-probability convenience sampling method will be used.

**Method of data collection:** In this research researchers uses both primary and secondary data.

**Primary data** was collected from 200 respondent in Airoli, Navi Mumbai on random basis.

**Secondary data** used to support the study is collected from books, journals, websites, and newspapers.

**Statistical Technique of analysis of data:** Chi square is used to test the hypothesis.

### **OBJECTIVES OF THE STUDY:**

1. To analyse online food delivery applications and comparing traditional and modern methods of ordering food and its delivery.
2. To analyse factors which drive people to use online food delivery apps along with problems faced by users in the same.
3. To study the satisfaction level derived by using online food delivery apps.
4. To study the change in behaviour of customer behaviour and behaviour of businesses with respect of online food delivery applications and sustainable future.

## HYPOTHESIS OF THE STUDY:

### Hypothesis 1

**H0:** There is no significant difference in the criteria for ordering food by the respondents.

**H1:** There is significant difference in the criteria for ordering food by the respondents.

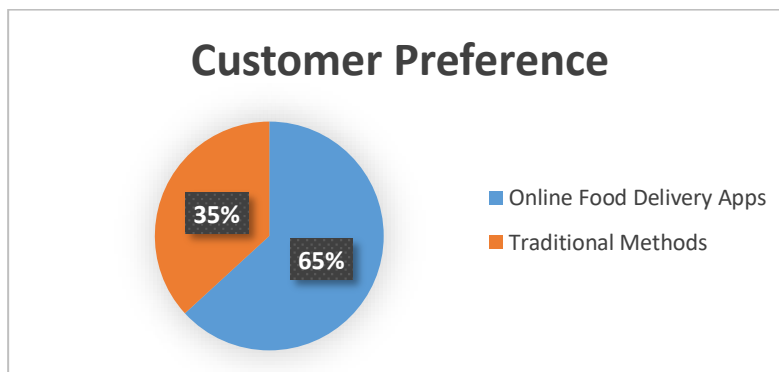
### Hypothesis 2

**H0:** There is no significant difference in getting discounts between 'Online food Distribution Apps' and 'Traditional Restaurant'.

**H1:** There is significant difference in getting discounts between 'Online food Distribution Apps' and 'Traditional Restaurant'.

## RESULTS – DATA ANALYSIS AND INTERPRETATION

### Customer preference towards methods of ordering food



### Under which method can you track status of your order better?

Method	Count
Online	141
Traditional	59
<b>Total</b>	<b>200</b>

### Where do you get more discounts and offers?

Method	Count
Online	133
Traditional	67
<b>Total</b>	<b>200</b>

**Which method of ordering food is always available without time barriers?**

Method	Count
Online	155
Traditional	45
<b>Total</b>	<b>200</b>

**Which method delivers food fastest?**

Method	Count
Online	120
Traditional	80
<b>Total</b>	<b>200</b>

**Which method provides better personalised touch in their services?**

Method	Count
Online	41
Traditional	159
<b>Total</b>	<b>200</b>

**Which method adopts environment sustainable packing and delivery?**

Method	Count
Online	111
Traditional	89
<b>Total</b>	<b>200</b>

**Hypothesis Testing:**

**Hypothesis 1**

**H0:** There is no significant difference in the criteria for ordering food by the respondents.

**H1:** There is significant difference in the criteria for ordering food by the respondents.

To test the above null hypothesis Chi-square test is applied. The results are as follows.

**Test Statistics**

	Q5 How do you order food ?
<u>Chi-Square</u>	<u>16.95</u>
<u>df</u>	<u>2</u>
<u>P-value</u>	<u>.000</u>

**Interpretation:** Above results indicate that the calculated p-value less than 0.05. Therefore Chi-square test is rejected. Hence, null hypothesis is rejected and the alternate hypothesis is accepted.

**Conclusion:** There is a significant difference in the criteria for ordering food by the respondents.

**Finding:** To understand the findings of the hypothesis observed and expected frequencies are obtained and presented in the following table:

**Q5 How do you order food?**

	Observed N	Expected N	Residual
Call Restaurant	26	66.66	-40.66
Use online food delivery app like Swiggy ,Zomato,etc	103	66.66	36.34
Visit Restaurant	71	66.67	4.33
Total	200		

The above table indicates that the proportion of respondents is significantly less who 'Call restaurant' to order the food. Respondents either 'Visit restaurant' or 'Use online food delivery app like Swiggy, Zomato, etc' is significantly higher.

**Hypothesis 2**

**H0:**There is no significant difference in getting discounts between 'Online food Distribution Apps' and 'Traditional Restaurant'.

**H1:**There is significant difference in getting discounts between 'Online food Distribution Apps' and 'Traditional Restaurant'.

To test the above null hypothesis Chi-square test is applied. The results are as follows.



**Test Statistics**

	Q6 Where you get more discount and offers ?
Chi-Square	10.89
df	1
P-value	.000

**Interpretation:** Above results indicate that the calculated p-value less than 0.05. Therefore, Chi-square test is rejected. Hence null hypothesis is rejected and the alternate hypothesis is accepted.

**Conclusion:** There is a difference in getting discounts between ‘Online food Distribution Apps’ and ‘Traditional Restaurant’.

**Findings:** To understand the findings of the hypothesis observed and expected frequencies are obtained and presented in the following table:

**Q6 Where you get more discount and offers?**

	Observed N	Expected N	Residual
Online food Distribution Apps	133	100	33
Traditional Restaurant	67	100	-33
Total	200		

Above table clearly indicates that discounts offered by ‘Online food Distribution Apps’ is significantly higher than discount offered by ‘Traditional Restaurants’.

**CONCLUSION OF THE STUDY**

It is seen that customers are preferring online food delivery applications over traditional methods for ordering food. Further, unique features of such applications include, GPS tracking of our orders, offers and discounts which are much more than traditional restaurants, multiple restaurants or food outlets options for same food with price comparisons, no restriction of minimum order etc.

Further, the online food delivery applications provide excellent, convenient and user-friendly services to the customers.

Further, there has been a significant change in behaviour of businesses and society with respect to our concerned topic of research and also there exist future

sustainability measures in the form of introduction of electronic vehicles and reduction and recycling of waste.

### **LIMITATIONS OF THE STUDY**

1. Only Airoli, Navi Mumbai is selected for study.
2. 200 samples are selected for the study.
3. Among startups, food and beverage industry is selected for study.
4. Only online food delivery applications w.r.t food and beverage industry are selected for study.

### **SCOPE FOR FURTHER STUDY**

Thus, from the above mentioned limitations, it's apparent on record that there exists further scope for study with respect to geographic location, industry, environment sustainability analysis, business or employee perception for the said topic etc.

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