

# Research project report

*by* Natasha Jaiswal

---

**Submission date:** 27-May-2019 11:07PM (UTC+0530)

**Submission ID:** 1136589780

**File name:** Final.pdf (3.31M)

**Word count:** 7875

**Character count:** 40299

## EXECUTIVE SUMMARY

The growth of e-commerce, Digital India initiatives and the changing urban lifestyle of the Indian consumers are the drivers for online food order services. The seamless delivery of food at the doorstep with few clicks influence the Indian Consumers to order their favourite cuisines online from the restaurant of their choices. Companies look ahead huge potential in e-food industry segment and came up with food aggregator apps. Restaurants aware of the changing culture of “dining out” to “eating in” transformed their business by collaboration with food tech startups like Zomato and Swiggy. In order to gain market share and to survive in the long term in the competitive environment these apps gives huge discounts and offers to their existing and new customers. The <sup>12</sup> aim of this study is to determine the effect of huge discounts on LifeTime Value and buying behaviour of customers. The primary objective is to know the effect of discounts and services provided by the apps on the customer lifetime value. The secondary objective is to know the consumer perception towards different online food ordering apps and effect of discounts on buying behaviour of consumers. Quantitative research method is used in this research and the study is done by collecting primary data from the population. The data collection has been done via Google forms, and convenience sampling is used. The data has been recorded in excel and recoded into SPSS for analysis. Through this study, it is found that huge discounts and different services offered by the food delivery apps have a significant <sup>2</sup> impact on the lifetime value and the buying behaviour of customers. **Cashbacks** are the most preferred form of offers for the consumers. Consumers prefer online mode of ordering food through the apps because of doorstep delivery followed by Ease & Convenience and 24/7 Availability. Zomato and Swiggy are preferred by maximum number of consumers. Late delivery of food, minimum order criteria and quality are the main factors of dissatisfaction(Hinderance). **Discount** is the major factor which will motivate **customers to switch** between different apps and consumers are delighted by the apps which gives maximum discount.

# **CHAPTER 1: INTRODUCTION**

# 1. INTRODUCTION

## Concept Introduction

Technological advancement has played a major role in buying and selling of products. Digital revolution has made it possible to shop without going into the shops. Like any other sector of the industry food sector is also affected by the technological and digital revolution. It has changed the food ordering and delivering service. Today, placing an order for a meal can be easily done by simply clicking few items in the apps or websites provided by the company. Technological dependency, cost-effectiveness, convenience, flexibility and less time taken for the food to be delivered are the reasons for the consumers behind choosing the services offered by the online food ordering and delivery service portals. With the increasing exposure and the popularity of the food delivery apps the demands and expectations of the consumers are also increasing day by day. E-commerce has grown rapidly in the past decade. There is change in the way the consumer demands the products due to a number of reasons including exposure to technology, digital transformation. The use of the laptops and mobile phones for buying the goods and services through the Internet by the consumers has been growing at an impressive rate throughout the world. Therefore, there will an increase in the revenue of the company in the long term by shifting their business online.

With the digital revolution in India and exposure towards the online services. The consumers in India today visit websites and apps for every single product they want to purchase. It includes online shopping, hotel bookings, restaurant bookings, ticket bookings, healthcare, etc. to the food ordering. The **e-food industry is one of the vertical,**

Various Food Technology start-ups are growing in large numbers to meet the increasing online food demands of the consumers. According to the reports of BCG, The companies are creating platforms for providing best and innovative services to their customers. They are providing heavy discount and various new offers to order food



online so as to get majority of customers and increase their market share. Various food delivery apps in the Indian market are FoodPanda, Zomato, Swiggy, Faasos, UberEats etc. All these companies are providing many facilities like on-time delivery, live tracking, cash on delivery, cashbacks, customization etc. to target new customers and to earn loyalty of existing customers. Navratri offers that is food while you are on a fast, play and win during IPL matches, no cooking months etc are some of the new business models used by firms to attract the customers.

## **1.1 INDUSTRY PROFILE**

### **1.1.1 Online Food Ordering**

When a customer orders food of its choice by using internet with its mobile phone or laptop without directly visiting the restaurant, it is called online food ordering. Websites or apps who provide these services to the consumers are called online food ordering service providers. A consumer has to download the app of the company or visit the website to make an order. On the websites or apps one can search for their favourite restaurant, meals and update their current location for the delivery. One can also register themselves on the apps/websites by making an account and providing the profile details. The customer can look for past orders and other previous transactions by making an account. Memberships and various payment options are other features of the food delivery apps or websites.

### **1.1.2 Advantages for Electronic Ordering**

Various customization features are also available to the customers. They can look for most popular restaurants and dishes and also rate their experiences. They can also read the reviews of other customers. All these features can be used by just a simple click. Doorstep delivery, flexibility, ease of use, easy to pay and cost-effective are other advantages to the customer. The restaurants also have the advantage of serving various new customers and promote their business on the apps and websites. The

restaurants can tie up with the apps and give a portion of their profit on food order to the apps.

### **1.1.3 Disadvantage for Electronic Ordering**

One of the biggest disadvantage is less exposure of technology to people living in remote and rural areas. Uneducated people who do not use phones, mobiles and internet cannot use these services. Tampering with the orders are also reported. Customers cannot judge the quality and quantity of the food by merely looking at the images present on the websites/apps. Paid reviews and fake reviews are other problems faced by the customers. Payment security is another concern for them.

## **1.2: ORGANIZATION PROFILE**

### **1.2.1 Zomato**

Zomato is an platform which provides resto search and delivery service. It helps customers by providing information about different places to eat and order food from restaurants. It is present in 24 countries. The headquarter is in Gurgaon.

Zomato app helps in searching restaurants to eat out. It also helps to order food from thousand of restaurants and get the order delivered at doorstep. It consists of various restaurants which have variety of cuisines and dishes from healthy to delicious snacks. One can go <sup>4</sup> through restaurant menus, photos, user reviews and ratings to decide where you want to eat. User can also give their feedback.

### Features of the Zomato App:

- One can look menus, pictures, directions, reviews, and ratings to know about the meals or restaurant they want to visit.
- The user can give feedback through rating and reviews on the apps by making an account on the app.
- User can easily get the directions to their favourite restaurant by using the map features.
- One can follow other users to know their activity or where they are eating, their favourite places to dine etc.
- User also have an option to book a table through the app.
- Different modes of payment are also available for ease and flexibility.
- By making an account the user can look all the past transactions done through the app.

### 1.2.2 Swiggy

<sup>3</sup> Swiggy is the online food ordering platform in India. It consists of various restaurants which have variety of cuisines and dishes from healthy to delicious snacks.

#### Features of the Swiggy App:

- **Food per your mood:** One can find all the different restaurants and meals as per their mood. Huge variety of cuisines are available on this app. All this just through few clicks.
- **Long Distance Orders:** One can order food from anywhere either nearby or far places. Swiggy will deliver it to your doorstep.
- **Fast Delivery:** Either one order in day or in night, swiggy will deliver anytime anywhere without taking much time.
- **Live Order Tracking:** After ordering your favourite food the user can track the order from pickup by the delivery boy from restaurant to delivering at home.

- **Freebies, Cashbacks, Offers, and Discounts:** Swiggy offer huge discount to their users by giving cashbacks, vouchers, discount on next orders etc. Partnership with various other parties like Paytm, PhonePay etc. increase ease of payments and discounts too.
- **Pay instantly, on delivery, or later:** One can use different options and modes of payment for making an order. Cash on delivery, Debit cards, Mobile wallets etc. some of the payment modes while ordering through this app.

### 1.2.3 Ubereats

UberEats help to order food from hundreds of restaurants and get your order delivered at doorstep. Uber Eats consists of restaurants which have variety of cuisines and dishes from healthy to delicious snacks.

#### Features of the App:

- **Search and order from the nearest restaurant:** UberEats have almost all the nearest restaurant available which help their customer to enjoy different cuisines and meals by staying at home.
- **Simple Ordering:** Select a restaurant, add the dish of your choice in the cart. Just a click away!
- **Different Payment modes available:** All the payment modes are available i.e. from COD (cash on delivery), to digital payment option like Paytm, UPI, Phonepe, Net banking and e-Wallets.
- **Track your order:** A tracking device will help to know the real time location of your order
- **Delivery in minutes:** Food will be delivered at your doorsteps in minutes. The deliverer will notify you once your order is near your doorstep.

### 1.2.4 Faasos

Food ordering app, which was available in Bangalore, Chennai, Mumbai but now it is available in Gurugram and Delhi also.

### **Features of the App:**

- **Customization:** Now vegetarian can customize their dishes according to their demands on this app. Faasos have variety of vegan restaurants available.
- **Delivery within few minutes:** Deliver food within few minutes, so that you can enjoy your order with your friends and family.
- **Refer and earn:** They will credit some money in your Faasos wallet once you refer the app to your friend and you can save money on your next order.
- **Payment options:** All the payment modes are available i.e. from COD (cash on delivery), to digital payment option like Paytm, UPI, Phonepe, Net banking and e-Wallets.

### **1.2.5 Foodpanda**

Foodpanda help to order food from thousands of restaurants and get your order delivered at doorstep. Uber Eats consists of restaurants which have variety of cuisines and dishes from healthy to delicious snacks.

### **Features of the App:**

- **Reach is very large:** People from different cities can access this app because the connectivity is very large. People use this app because of the availability and strong presence on internet.
- **Search and order from the nearest restaurant:** Food Panda have almost all the nearest restaurant available which help their customer to enjoy different cuisines and meals by staying at home.
- **Simple Ordering:** Select a restaurant, add the dish of your choice in the cart. Just a click away!
- **Different Payment modes available:** All the payment modes are available i.e. from COD (cash on delivery), to digital payment option like Paytm, UPI, Phonepe, Net banking and e-Wallets.
- **Track your order:** A tracking device will help to know the real time location of your order.
- **Delivery in minutes:** Food will be delivered at your doorsteps in minutes. The deliverer will notify you once your order is near your doorstep.

### **1.3 Customer Lifetime Value**

It is said that CLV measure the lifetime value but generally it is three years. CLV helps in identifying the most valuable and profitable customer for firm and help in retaining them to bring more profits into the company. Company treats every customers differently based on the amount of profit they are bringing into the company.

#### **1.3.1: Use of customer lifetime value**

Customer Lifetime value is used to monitor the profitability matrix of the firm. Customer lifetime value indicates the customers which brings more profit to the company and on which the company should focus more. CLV tells about the customers which needs to be acquired and retain, and how to make customer loyal to a particular brand and prevent churn.

#### **1.3.2 Ways of increasing CLV.**

These are some of the drivers which help in increasing customer lifetime value and these drivers are used by companies to increase the monetary value and profitability.

##### **1.3.2.1 Base Revenue: Size of wallet**

Size of wallet is the total amount of money customer can spend on a product category.

##### **1.3.2.2. Cross-Sell & Up-Sell**

Cross-selling and Up-selling are the techniques used by many of the companies. It is an effective way to increase the transaction amount. Cross-selling is a method in which company tries to sell an additional product with the existing product like if you went to starbucks for coffee, they would ask whether you would like to have some bread or croissants with your coffee.

Up-selling is a method in which company tries to sell membership along with the products. They convince you to buy membership or loyalty cards for better experience

and to have better offers/discounts. This will provide a boost in average transaction and help in retaining customers and maintaining loyalty of the customers.

#### **1.3.2.3.Higher premium for customized products(Loyalty Programs)**

Company provides loyalty cards and membership to their customers to retain their customer a little longer than usual which improves the CLV. Food delivery apps like Zomato and Swiggy offers Zomato Gold and Swiggy Super respectively as their loyalty programs.

#### **1.3.2.4. Offer Referral Programs**

Referrals are used to increase the customer base for any company. Customers can refer and earn the application with their friends and family. This will increase the customer base and customers earn some money in their wallet, which can be used on their future orders.

#### **1.3.2.5. Growing with customers**

This can be done by keeping good online presence like timely updating the website, putting appropriate content and promoting the product or services. The more the customers know about your product more prospecting customers will lead to customers retention.

#### **1.3.2.6. Share Of Wallet**

Share of wallet is the average amount customer is spending on a particular brand rather than competitors, It can also be represented as total amount spend on your products to the total amount spent on that category.

#### **1.3.2.7. RFM**

RFM model is Recency, Frequency & Monetary model. Recency will tell about the recency of the purchase of an individual. Frequency will tell about how many time the

customer orders over a period of time. Monetary value will tell about how much a customer spends on ordering food.

#### **1.4 Consumer Behaviour**

The study of how customers behave to a certain product or service to fulfill their needs. It shows how an individual or a group of people choose a particular brands based on the attributes provided. Consumers acts differently towards different brands and it is very important to study the behavior of the customers to maximize the revenue.

##### **1.4.1 Identification of factors which influence the consumer to order food online.**

###### **1.4.1.1 Time and delivery**

On-time delivery is the one of the major factor for the customer to order online. The less time to deliver the products, the more satisfied the customers are.

###### **1.4.1.2. Convenience**

Who doesn't like to stay home and get the things done. Online food ordering apps is doing the same for their customers. Customer can access the services without going out of their house which is very convenient for the customers. This factor will not only help save the time but it will also improve the number of frequency of orders.

###### **1.4.1.3. Easy Accessibility.**

Now-a-days, everyone has access to smartphones having internet facilities, and apps like Zomato and Swiggy help people access and order food online within few clicks on their phones, Laptops etc. People can access these facilities on their mobile phones and even can browse on their personal computers and laptops. Company is providing compatibility on every platforms for easy accessibility. Ease of use is very important factor for the people who are technologically challenged. So apps like this provides easy accessibility to these customers also.



#### **1.4.1.4. Flexibility**

Customers can order online at any time and at any place. Customers have access to customize the products according to the need and to fulfill their desires. Compatibility on every device i.e. from mobile phones to laptops, payment option like cash on delivery also improves the the overall experience for the customers and improves the flexibility.

#### **1.4.1.5. Ease of Payment**

Customers are very skeptical about the online payment option since it lacks security and people are worried to enter their bank details on online platforms. But applications like these provides 100% safe transaction to their customers by providing secured payment gateways for transactions. Applications like this provides cash on delivery, online digital platforms like Paytm, UPI, Phonepe, Net banking, credit cards & debit cards facilities to their customers which improves the trust and loyalty for a particular brand.

#### **1.4.1.6 Discounts**

Who doesn't like things at discounted prices. Just like people like to shop during sales from brands like Zara, H&M, forever21 people who are foodie order from online food delivery apps. Everyone wants better quality at low prices, and the FDA apps provides 40-50% off on the food keeping the quality,quantity same for better experience for their valuable customers. They keep on promoting their sales discounts to their customers. Due to discounted prices more people are attracted to purchase food online.

## **CHAPTER 2: LITERATURE REVIEW**

## 2. LITERATURE REVIEW

**Neha Parashar & Sakina Ghadiyali (2017)** studied the relationship between the facilities provided by the food delivery apps and consumer behaviour towards purchasing from the apps. They concluded that the different facilities such as discounts, on-time delivery etc. offered by the apps play an important role in purchase decision from an app. The most desired tool for marketing by firms should be Social media. COD is the most used payment technique and people are now adopting the other digital payment techniques .

According to **Aniruddha Deshpande (2016)**, Many users like and believe reviews on Zomato but there are some who question its authenticity. Many people are yet to hear and use the new facility provided by Zomato. People use it mainly to find a good place to eat and celebrate and it has a good overall customer satisfaction.

**ArvinLucy Onditi (2014)** studied the implications of customer service on Lifetime value of customers. Their study measured tourist satisfaction and assessed the importance of customer service and its impact on tourist Lifetime Value in Kenya. The customer services, which included destination facilities, destination accessibility, destination attractions have a significant impact on overall tourist Lifetime Value. Many consumers do not have knowledge about the online food delivery services. The young generation uses the technology

**According to Leong Wai Hong (2016)**, there is advancement and improvement in the technology. This helps in the growth of industries and changes in the business models. . It is also believed that the use of online food delivery system can lead to the growth of restaurant business in the coming years

## **CHAPTER 3: RESEARCH METHODOLOGY**

### 3. RESEARCH METHODOLOGY

#### 3.1 OBJECTIVE OF THE STUDY

##### Primary Objective

- To determine the effect of huge discounts on LTV of customers.
- To determine the effect of customers services on CLV.

##### Secondary Objective

- To look for various factors that influence the customers to choose online FDA services.
- To look the various factors that hinders the customers to choose online food delivery services.
- How 50% discounts affect the buying behaviour of customers.

### 3.2.1 Respondent's Profile

S.NO	Characteristics	Description	Distribution	Percentage (%)
1.	Gender	Female	78	50
		Male	78	50
2.	Age	15-30	152	97
		31-45	1	0.64
		46-60	3	1.92
3.	Income	Nil	117	75
		Below 2.5 lakhs	5	3.2
		2.5-5 lakhs	19	12
		5-10 lakhs	12	7
		10 and above	3	1.9
4.	Occupation	Private	28	18
		Govt.	5	3
		Business	1	0.6
		Student	120	77
5.	Residence	Rural	9	5.8
		Urban	147	94

TABLE 3.1 Respondent demographic profile

#### Gender

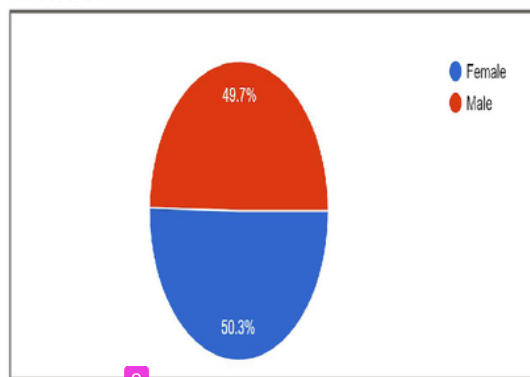


Fig 3.1. Gender of the respondents

### Age

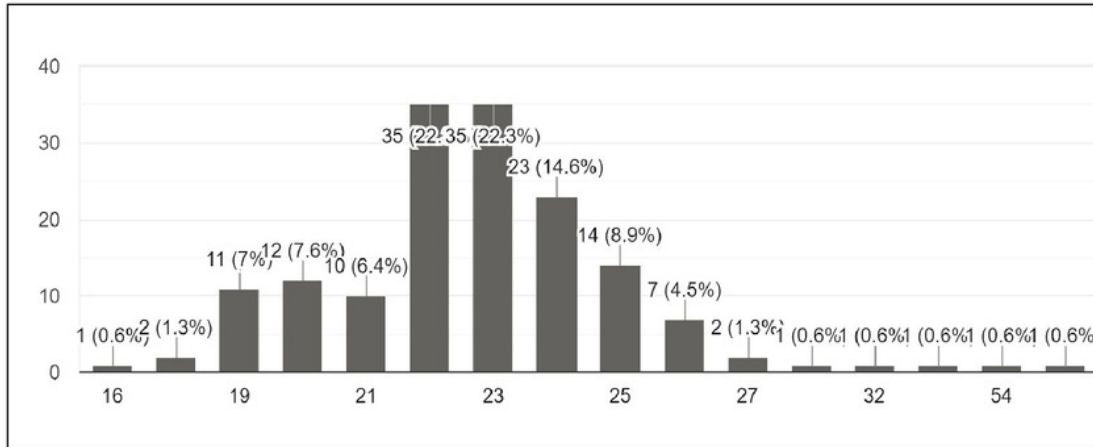


Fig 3.2 Age of the respondent

### Occupation

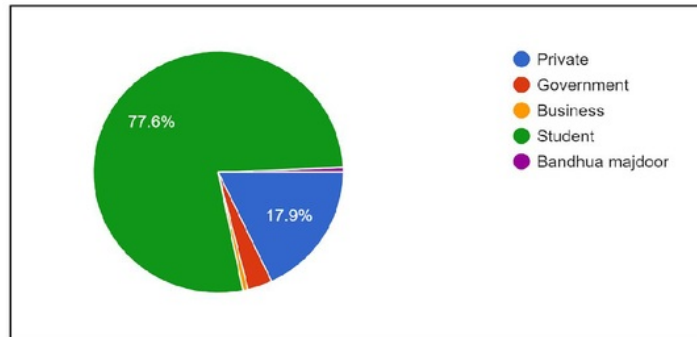


Fig 3.4. Occupation of the respondent

### Income

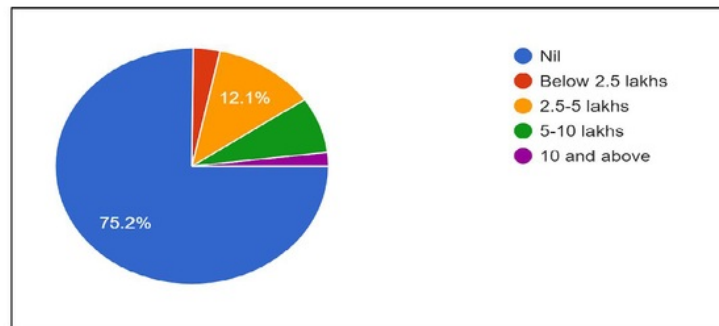


Fig 3.5. Occupation of the respondent

### 3.2.2 Consumer Awareness & Usage

99.4% of the respondents are aware of the online food delivery apps. Most of them are more aware of Zomato and Swiggy as compared to UberEats, faasos and foodpanda. Therefore, usage of Zomato and Swiggy is more as compared to other apps.

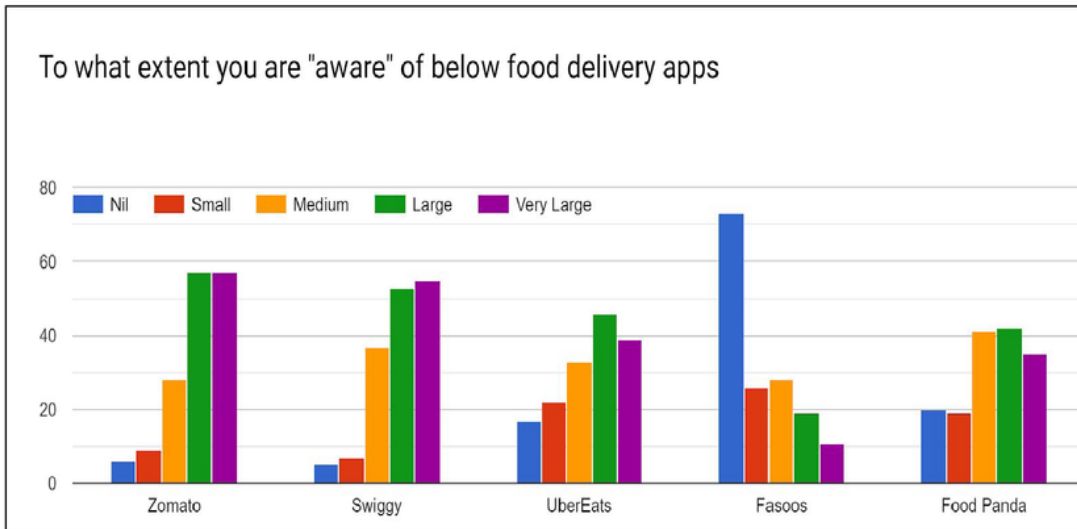


Fig 3.6. The awareness of Zomato and Swiggy is more as compared to other food delivery apps.

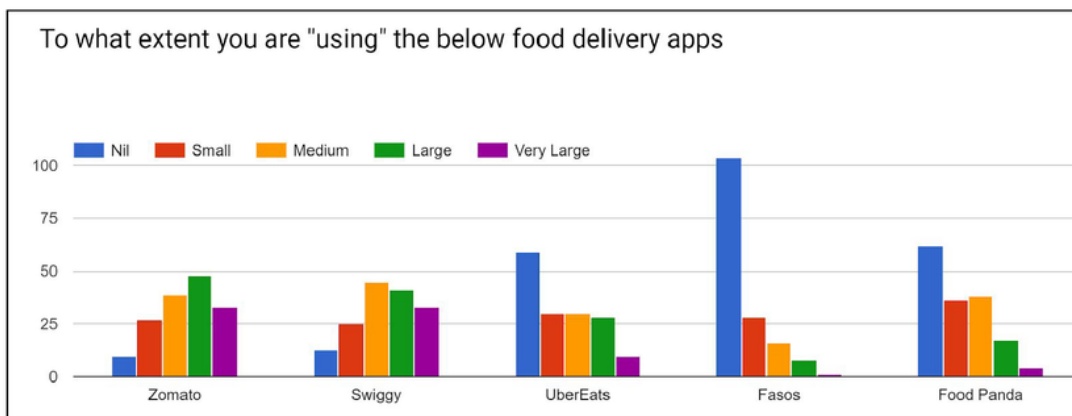


Fig 3.7. Consumers are using zomato & swiggy more as compared to other apps



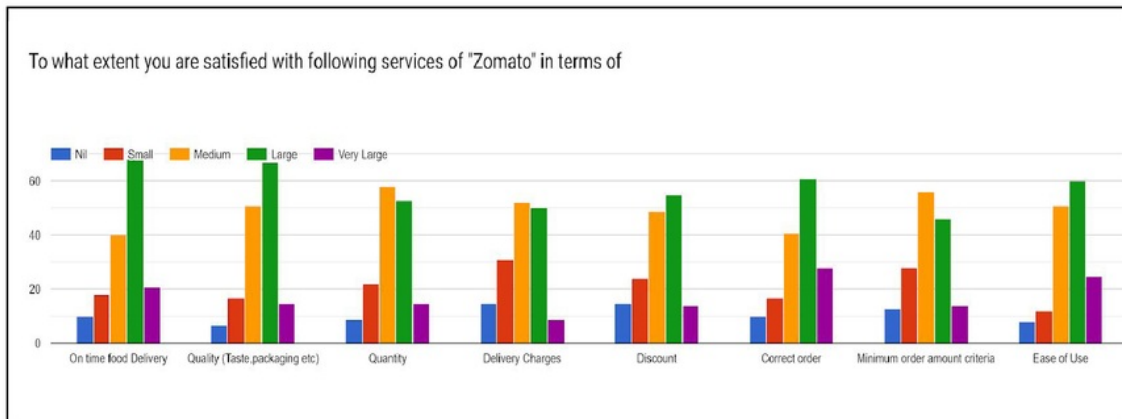


Fig 3.8. Consumers are most satisfied with the On-time delivery followed by Quality of Zomato services.

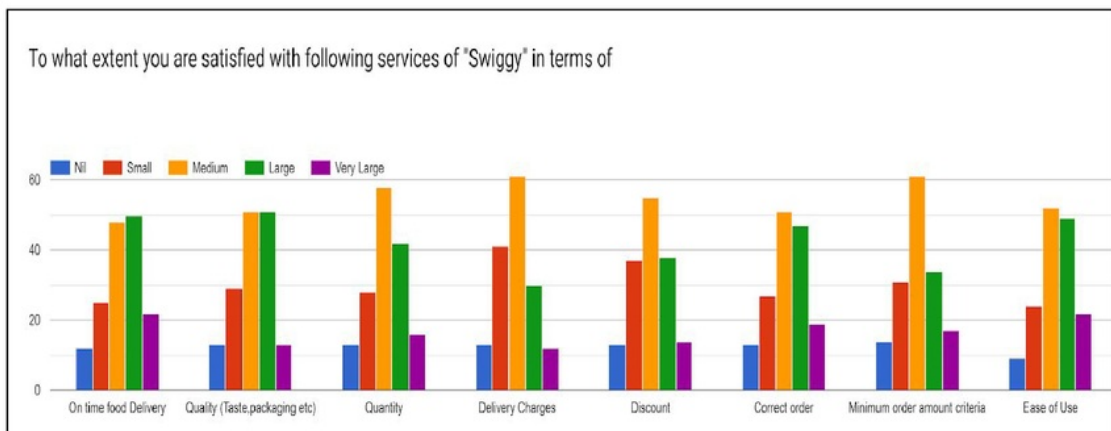


Fig 3.9. Customers are most satisfied with the delivery charges followed by Minimum order criteria of Swiggy

### 3.2.3 Awareness and usage of Services/facilities provided by food delivery apps

The services provided by Zomato are Piggy Bank, Self pickup, Zomato Easy, Book a Table, Corporate discounts, Free Meals(Share & Earn), Events and Express Delivery. Services like Piggy Bank, Zomato Easy, Events of Zomato are lesser known to the respondents. Book a Table service is known to consumers to a larger extent. The services provided by Swiggy are Swiggy POP, Self Pickup, Express Delivery and Free Delivery, Swiggy POP. Among these services, Swiggy POP is not known to most of the consumers. Most of the consumers are familiar with Self-pickup service. The services

provided by UberEats are Pock Eats and Deliver with uber. Bolt and Party order are the two services provided by Faasos. Much like the apps, services of the UberEats and Fasoos are unpopular amongst the consumers.

One-third of the consumers are using Self pickup, Book a Table and Express Delivery services of Zomato. Majority of the consumers who use Swiggy app are using Self Pickup, Express Delivery and Free Delivery services of Swiggy in ordering food online. 66% of the consumers are not using any services of Faasos and UberEats.

More than 30% of the consumers are using the occasional offers provided by the apps. Some of the occasional offers given by Zomato are Zomato Premier League during IPL matches and Navratri Offer during the Navratri Fast. Swiggy also provides its users similar offers with the names "Match Day Mania" and Navratri Offer. UberEats provide "Fast & Falahari" during the Navratri.

"Zomato Gold" is a membership provided by Zomato. 31% of the consumers have already availed this membership whereas 29% of the app users are planning to use the membership provided by the app in the future. "Swiggy SUPER" is the membership provided by Swiggy. Only 19% of the consumers have taken this membership and 18% are planning to take this in future. Less than 1% of the consumers use "Faasos ELITE"- the membership of Faasos. 85% of the respondents will refer the "Membership" provided by food ordering apps to their friends/family.

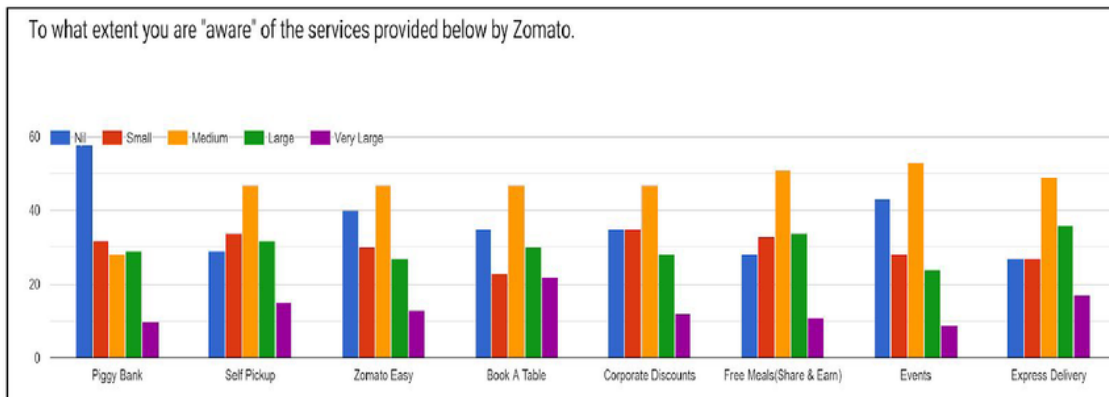


Fig 3.10. Customers are well known about services like Book-a-table,express delivery, self Pick up provided by Zomato.

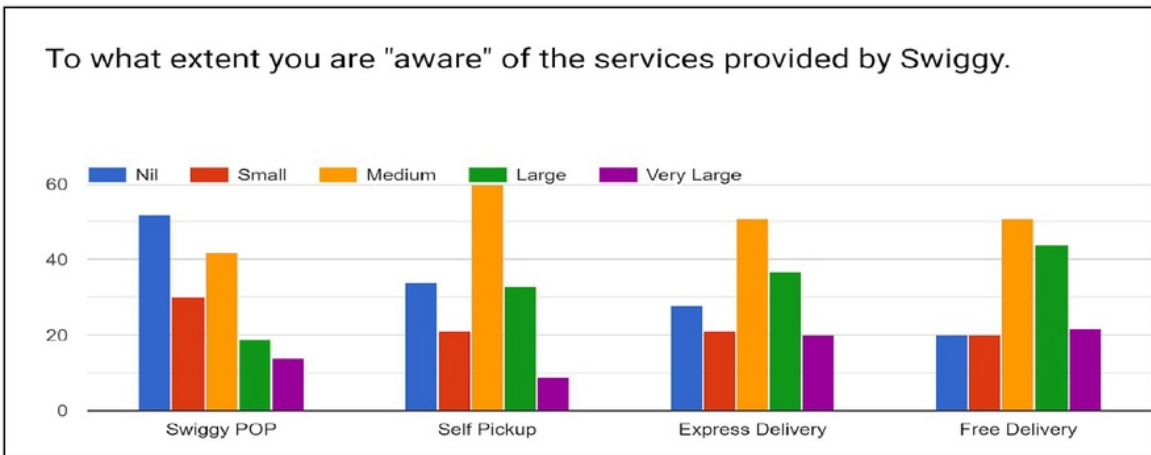


Fig 3.11. Customers are well known about services like Free delivery & self pickup provided by Swiggy.

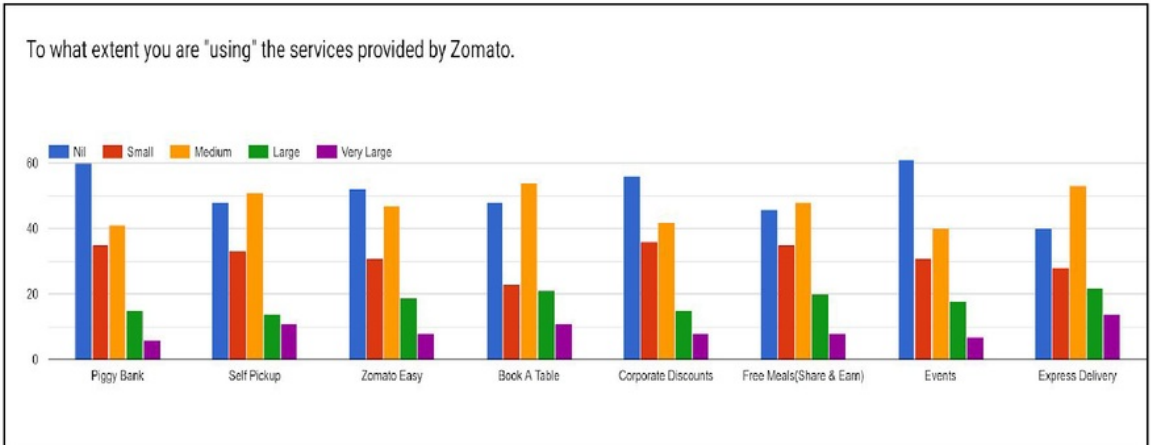


Fig 3.12. Customers are using services like Book-a-table, express delivery, self Pick up provided by Zomato.

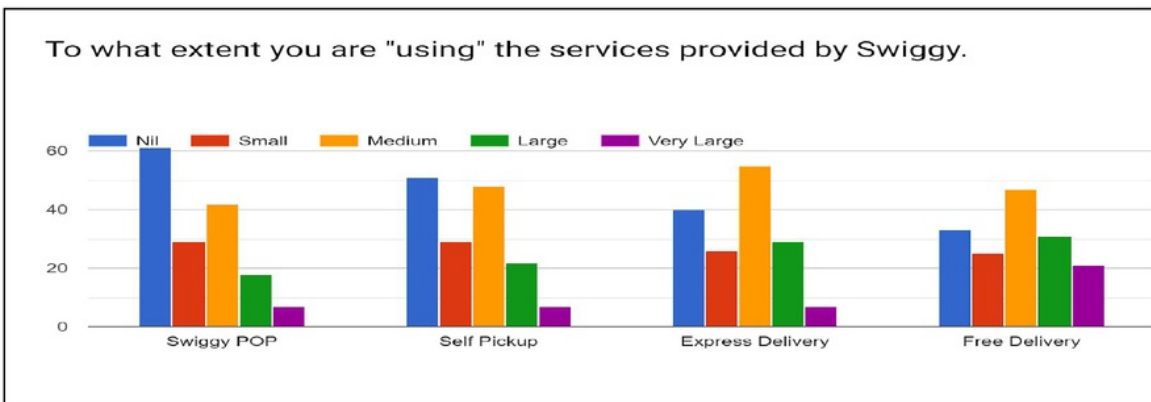


Fig 3.13. Customers are using services like free delivery, self Pick up provided by Swiggy.

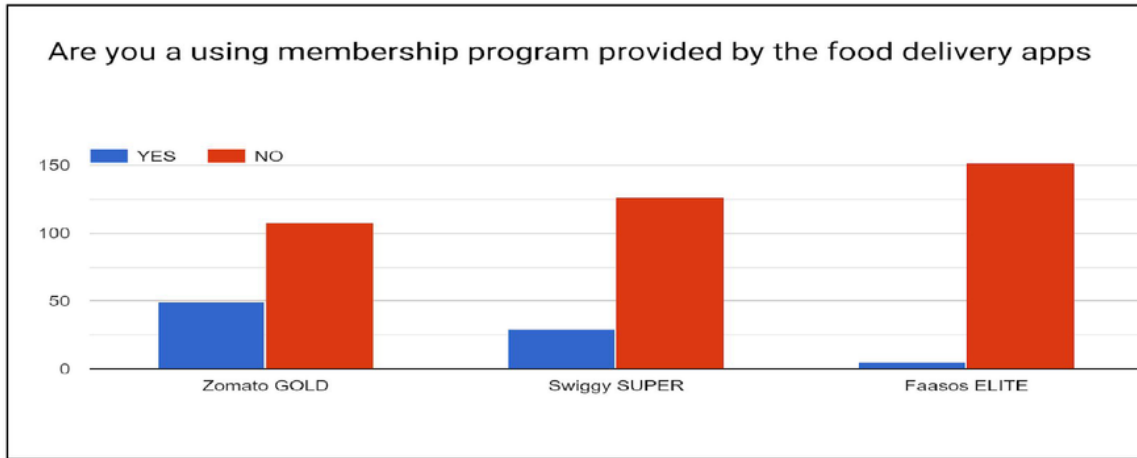


Fig 3.14. Zomato Gold is most preferred membership program and used by many as compared to other services.

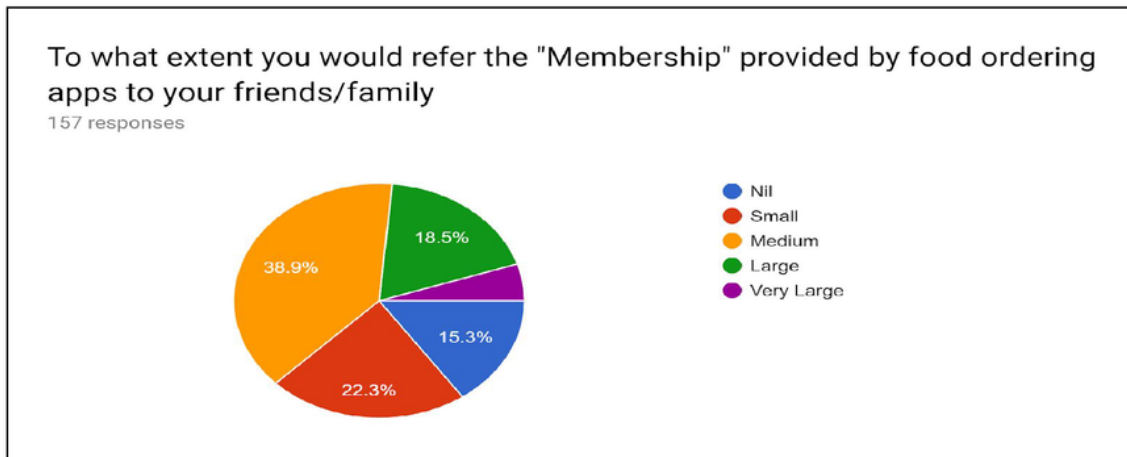


Fig 3.15. All the people who are using membership program around 85% will refer the membership to their friends and family.

### 3.2.4 Discount and food delivery apps

Discount is one of the factors that encourages a customer to buy products. Although 90% of consumers have ordered food online "without any discount", 94% of them agreed that "discount" motivate them to order food online. But the more loyal consumers will be unaffected by the discounts. 50% discounts largely motivate people

to buy online. 50% , 40% and 30% discounts motivate customers more as compared to other discounts to order online.

Most of the users believe that **Zomato and Swiggy** offer their users **maximum discounts on orders** which is one of the factor responsible for high popularity and usage of these apps. Huge number of payment options are provided by the apps for ordering and paying. Some of them are Paytm, PhonePe, Debit/Credit Cards, Net Banking, UPI, etc. Amongst these Paytm, PhonePe and payment through debit/credit cards motivate users to order because of the vouchers and additional discounts provided by these during payments. **Cashbacks** are the most preferred form of offers for the consumers. Cashbacks, Discounts and coupons received by the consumers results in using various digital payment modes while paying for an order and thus motivate them to order online.

89% of the people visit restaurant less frequently because they can order their favourite meals online at a lesser price due to discounts offered by food delivery apps. 86% will switch an app due to better discounts by other apps for ordering a dish. Thus, discount will affect the loyalty of consumers for different apps. Most of the users of the apps will repurchase from the same app if their current order provides discounts on the next orders.

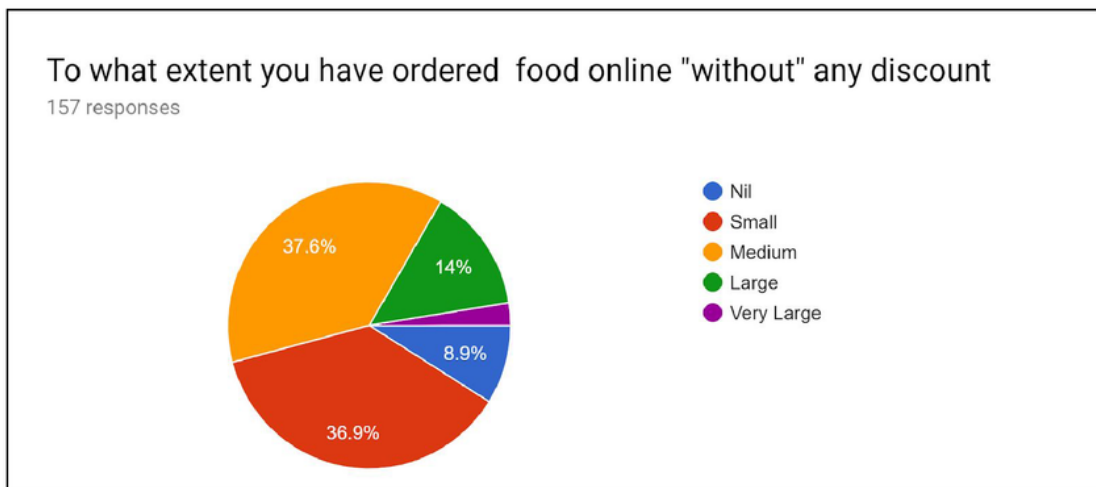


Fig 3.16. More than 80% people are motivated to order online because of the discount given by apps, but the more loyal people will be unaffected by the discount.

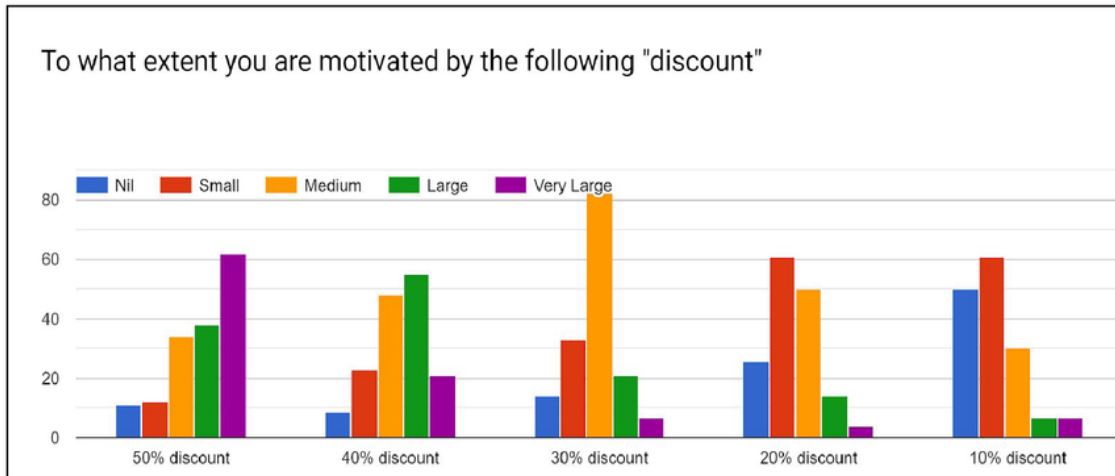


Fig 3.17. 50% , 40% and 30% discounts motivate customers more as compared to other discounts to order online.

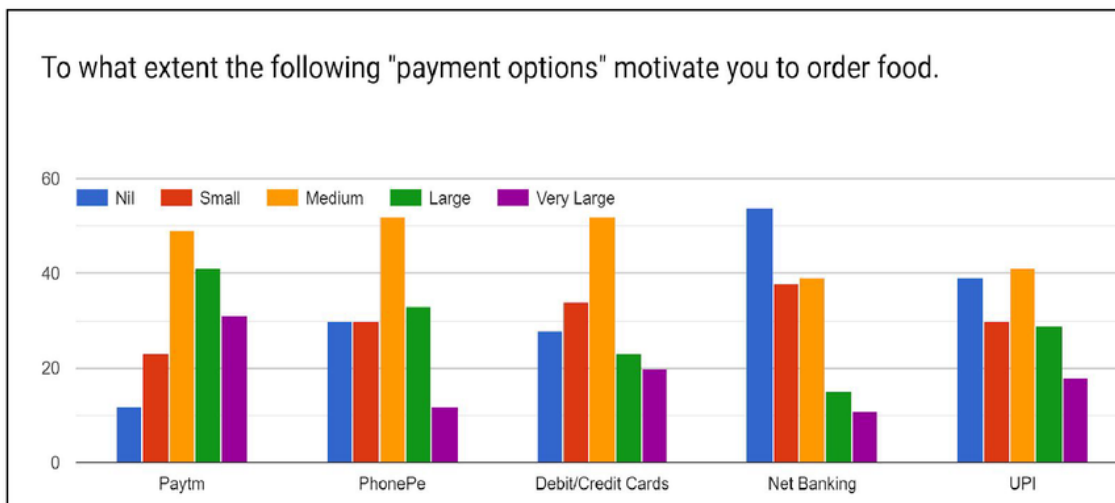


Fig 3.18. Paytm, Debit and credit cards, UPI are most preferred payment option and motivate people to order more

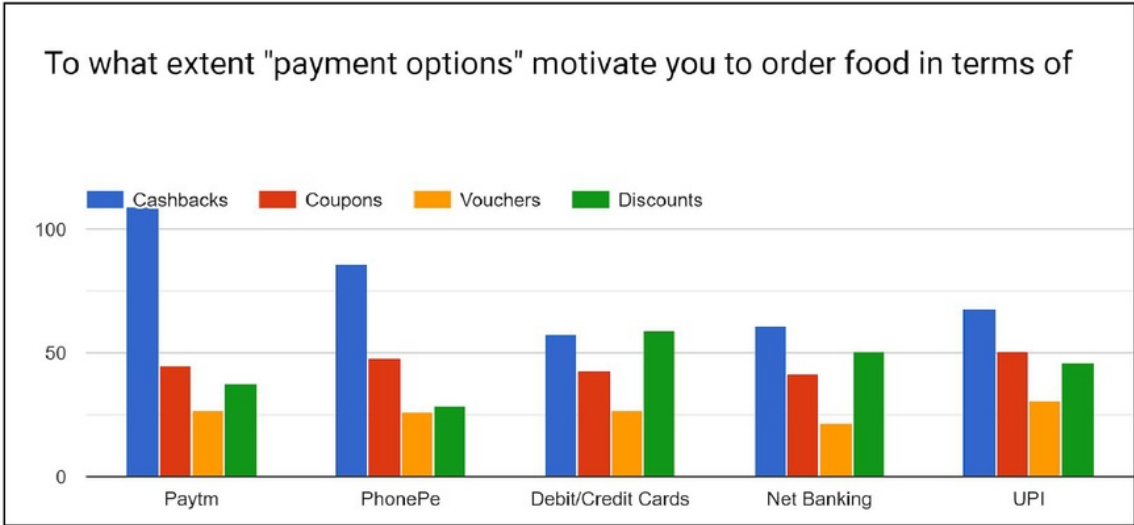


Fig 3.19. Cashback and discounts motivates people to use digital payment apps for ordering food online

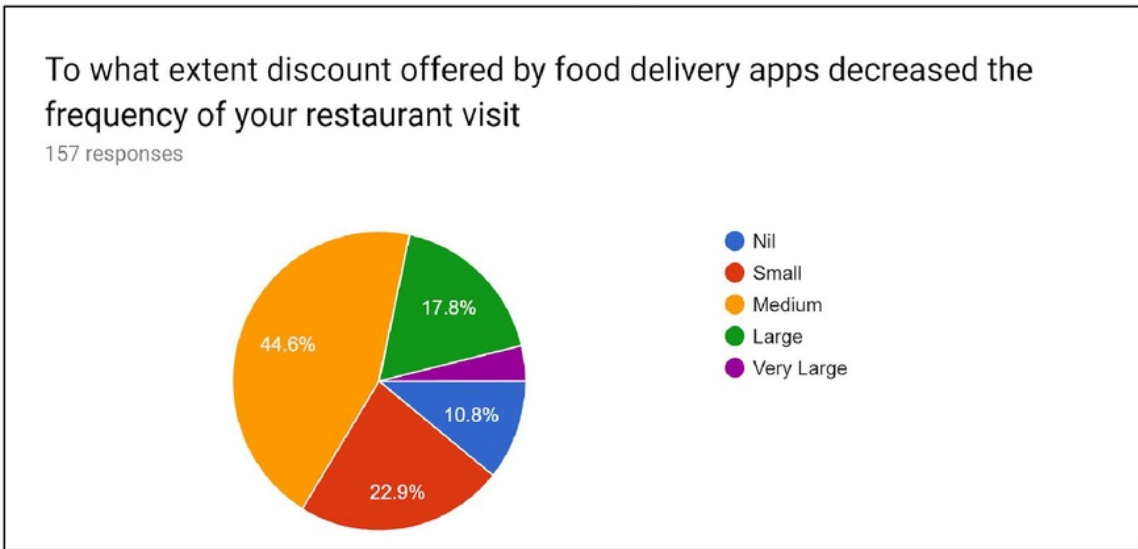


Fig 3.20. 80% of people stopped visiting restaurant frequently because of discounts provided by food delivery apps.



### 3.2.5. Consumer Dissatisfaction with apps

There are many factors which affect the satisfaction of the consumers for the online service of food delivery. Bad service, Quality, Quantity, Packaging, Taste, Late delivery of food, Privacy issues, Minimum Delivery amount, Bad past experience etc. are some of them. **Late delivery of food, minimum delivery amount** and **bad past experience** are the main reasons for consumer dissatisfaction with the food delivery apps. Quality, quantity and taste are less significant for the consumers. This is because most of the apps deliver food of the same quality and quantity. Also, quantity, late delivery of food, minimum order criteria are the main reasons for dissatisfaction with app when there are huge discounts offered by the apps. This may be due to the fact that consumers think that they are getting discounts by sacrificing with the quantity and speed of delivery.

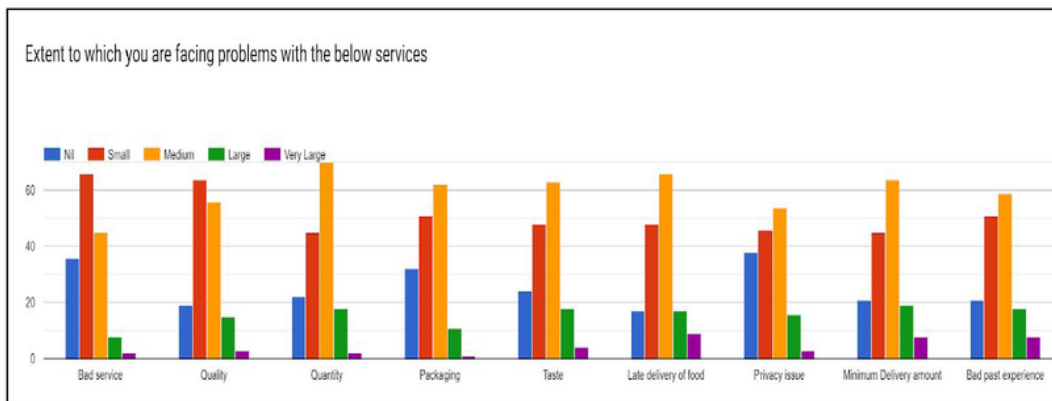
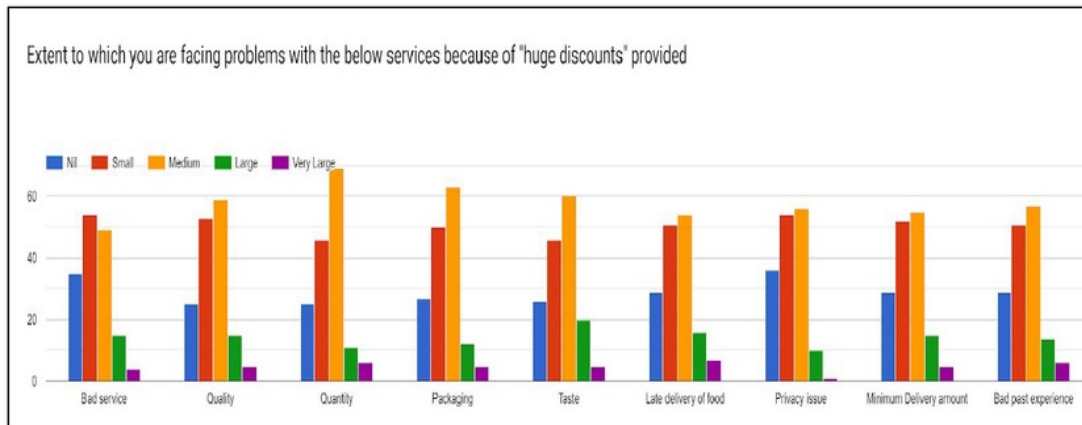


Fig 3.21. Late delivery of food, minimum order criteria are the main reasons for dissatisfaction with app.





**Fig 3.22. Due to huge Discounts, Quantity, Late delivery of food, minimum order criteria are the main reason for dissatisfaction with app.**

### 3.2.6 Consumer behaviour

Consumers prefer online mode of ordering food through the apps because of the following factors:

- Ease & Convenience
- Cost Effectiveness
- 24/7 Availability
- Doorstep Delivery
- Choices of Restaurants at home
- Easy Mode of Payment
- Food reviews

Around **40%** of the population prefer to order food **2-3 times a month** on an average. More than **85% people spends more than 100** and above on an average on ordering food. Customization is an enhancer for any service business. It is the factor by which satisfaction of the consumers can be increased. Around 90% of the consumers are satisfied with this facility. Also, it can be improved further for better customer experience satisfaction.

If the customer has a high satisfaction rating, cross-selling and up-selling can also be increased by giving discounts in the form of cashbacks/vouchers on related products or on more quantity ordered. Around 95% of the population will refer these apps to their friends and family. Majority of the consumers will stop ordering food online, if the company stops providing offers/discounts to them in future. **Discount** is the major factor which will motivate **customers to switch** between different apps.

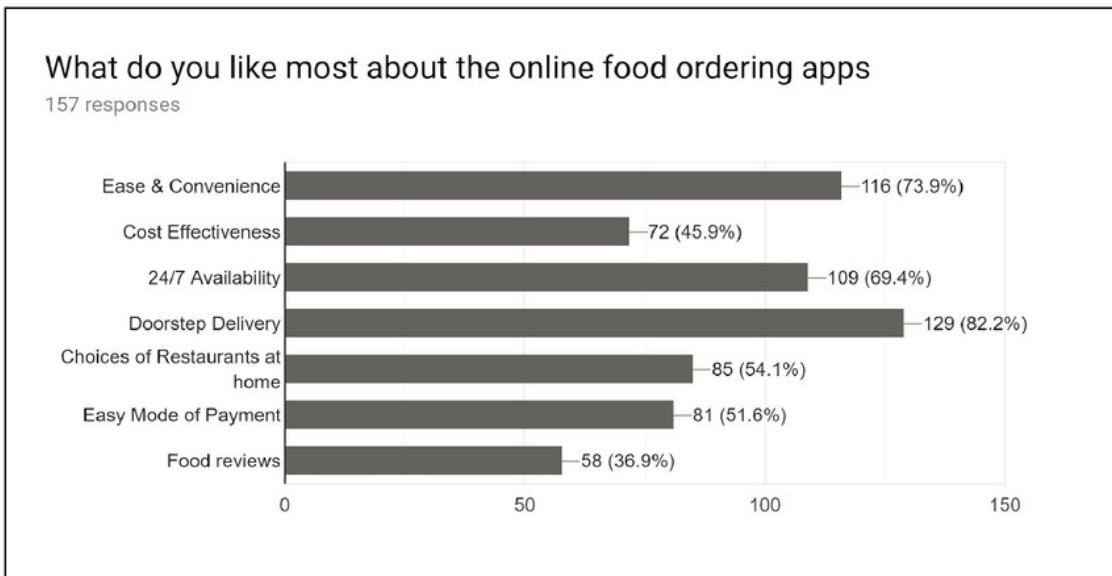


Fig 3.23. Doorstep delivery, Ease & convenience, and 24/7 availability are the factors which encourage more people to order online.

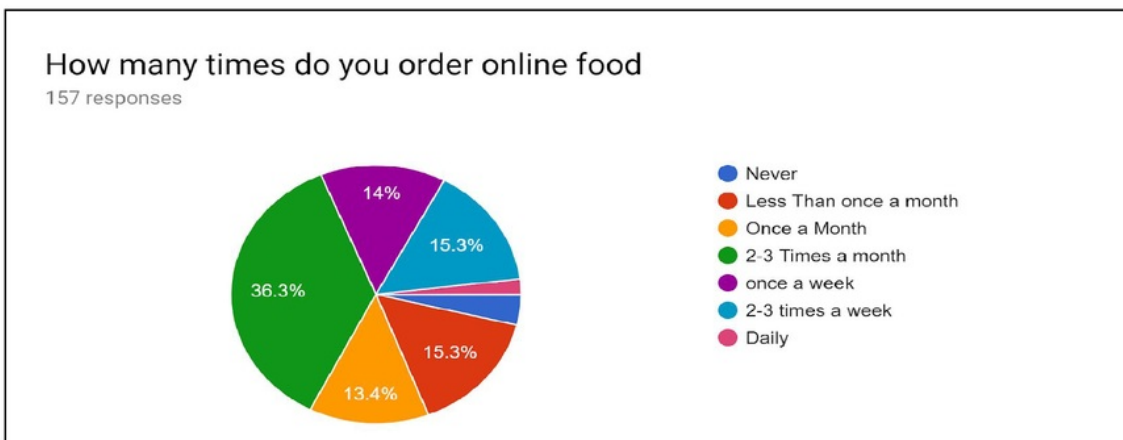


Fig 3.24. Around 40% of the population prefer to order food 2-3 times a month on an average

### How much do you spend on an average on ordering food

157 responses

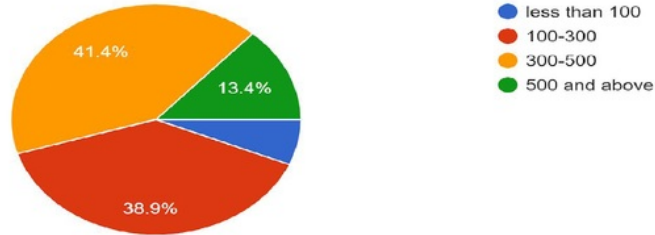


Fig 3.25. More than 85% people spends more than 100 and above on an average on ordering food

### To what extent you are satisfied with the customization facility available on food delivery apps.

157 responses

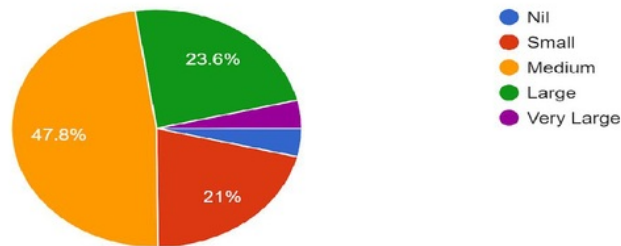


Fig 3.26. Customization is the factor with which an individual desire can be fulfilled. Around 90% are satisfied with this facility and it can be improved for better customer satisfaction.

### To what extent you would refer the food ordering apps to friends/family

157 responses

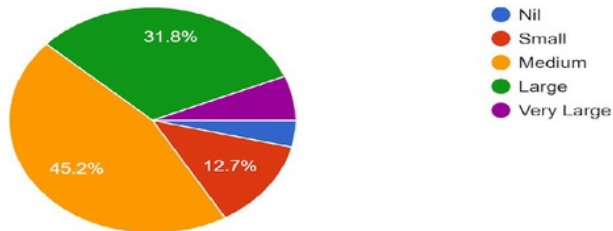


Fig 3.27. Around 95% of the population will refer these apps to their friends and family

To what extent, would you continue to order food if the company stops providing offers/discounts to you in future

157 responses

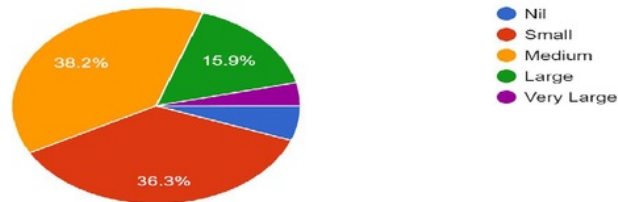


Fig 3.28. Around 60% of the population will stop ordering food online, if the company stops providing offers/discounts to them in future.

To what extent, you would order complimentary products like coke or choco-lava cake with pizza when suggested by apps?

157 responses

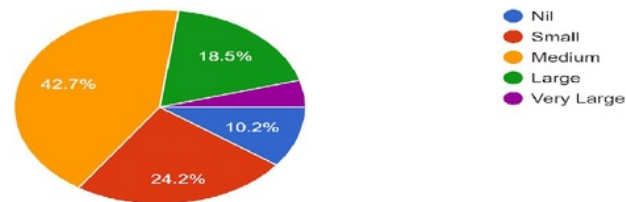


Fig 3.29. Cross-selling

To what extent would you increase the items in your cart if it has a restriction of min order amount.

157 responses

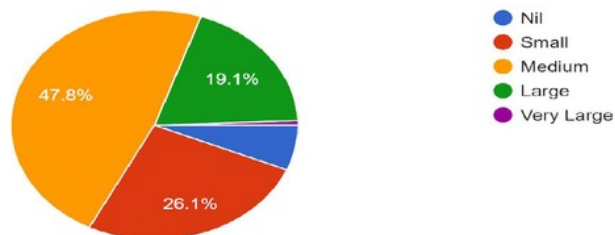


Fig 3.30. Up-selling

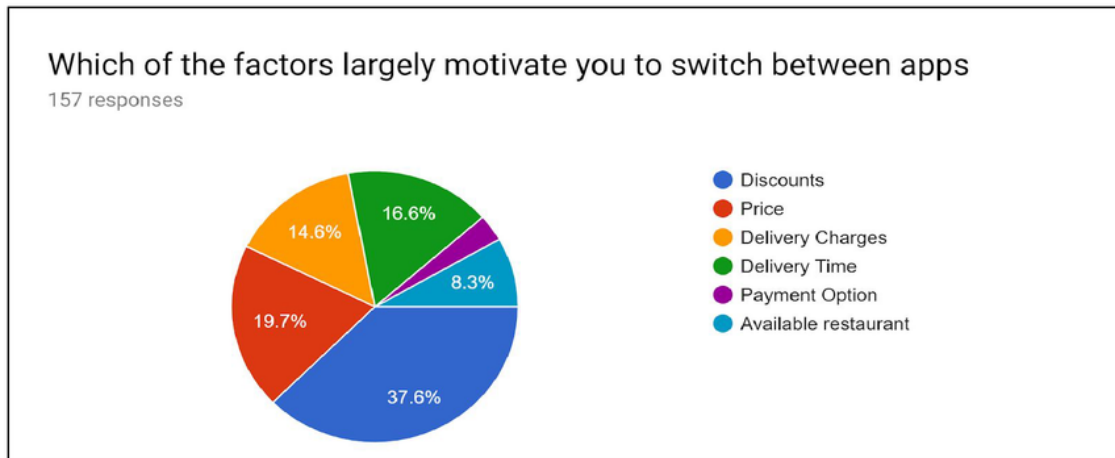


Fig 3.31. Discount is the major factor which will motivate customers to switch between different apps.

### 3.3 FRAMEWORK USED FOR THE STUDY

The study consists of two independent variables- Customer Services and Discounts and one dependant variable - Customer Lifetime Value. The first independent variable - **Customer service** was measured by the facilities provided by the food delivery apps to their customers. These facilities included Membership programs, Doorstep delivery and Customization of the orders.

**Discounts** is the second independent variable which was measured by the “50% discount” provided by the food delivery apps to their customers, cross-selling and up-selling and RFM. When customers are satisfied with the services they are getting, this will lead to increase in the frequency of orders and the monetary(spending) value and eventually lead to profitability of the firm. All these will affect the dependent variable which is the **Customer lifetime value**. The dependent variable is measured by loyalty, profitability and referrals.

If the customers are satisfied with the services(membership programs, customizations, doorstep delivery) they are getting then they would refer these services to their friends and family which will affect the customer lifetime value. If the services level is high, the customers will not switch to the alternatives.If the customers are getting huge discounts

on their orders, they will be ready to buy extra products along with the existing orders which is “Cross-selling & Upselling”. there will be increase in the frequency of the orders which will lead to profitability of the firm.

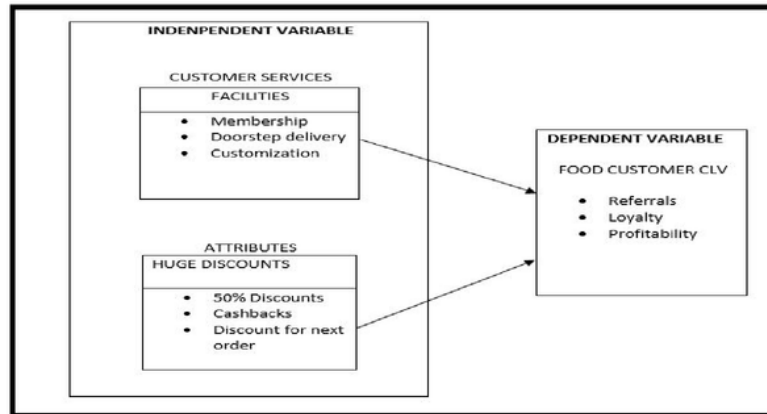


Fig 3.32 Framework used for the study

### Primary Objective

- To determine the effect of huge discounts on LTV of customers.
- To determine the effect of customers services on CLV.

Discounts offered by the food delivery apps change the buying behaviour of customers. Discount affects the loyalty of the customers, profitability of the firm and referrals of the services by the firm. The profitability, loyalty and referrals have a direct impact on the lifetime value of the customers. Also, If the customers are giving high satisfaction ratings to the services they are getting such as membership programs, customizations, doorstep delivery etc. then they would refer these services to their friends and family as well which will affect the customer lifetime value. Thus, both discount and facilities/services have an affect on CLV.

### Hypothesis for the Primary Objective

#### Hypothesis 1(a).

- **Ho:** no relation between the huge discount(50% discount) and CLV(Cross-sell,Up-sell) in online food ordering firms.

- **H1:** is relation between the huge discount(50% discount) and CLV(Cross-sell,Up-sell) in online food ordering firms.

Offered 50% Discount to the customers		
Activity	Correlation Coefficient	Remarks
Cross-Sell	0.534	Significant
Up-Sell	0.440	significant

TABLE 3.2. Output for H1

Table shows that 50% discount offered to the customers have a **significant** relationship between cross-selling & upselling because correlation coefficient is 0.534 & 0.440 respectively.

Descriptive Statistics			
	Mean	Std. Deviation	N
50% discount	3.81	1.238	156
Cross-selling	2.82	.993	156
Upselling	2.81	.836	156

Correlations				
		50% discount	Cross-selling	Upselling
50% discount	Pearson Correlation	1	.534	.440
	Sig. (2-tailed)		.001	.020
	N	156	156	156
Cross-selling	Pearson Correlation	.534	1	.424
	Sig. (2-tailed)	.001		.000
	N	156	156	156
Upselling	Pearson Correlation	.440	.424	1
	Sig. (2-tailed)	.020	.000	
	N	156	156	156

Fig 3.33 SPSS output for H1



So we reject the null hypothesis( $H_0$ ) and accept the alternate hypothesis( $H_1$ ).

### Hypothesis 1(b).

- $H_0$ : no relation between the huge discount(50% discount) and CLV(RFM) in online FDA
- $H_1$ : is relation between the huge discount(50% discount) and CLV(RFM) in online FDA.

Offered 50% Discount to the customers		
Activity	Correlation Coefficient	Remarks
Frequency	0.475	Significant
Monetary	0.106	Insignificant

TABLE 3.3 Output for H1(b)

Table shows that 50% discount offered to the customers have a significant relationship with frequency of ordering food online i.e. correlation coefficient is 0.475.

	Mean	Std. Deviation	N
50% discount	3.89	1.184	156
Spending	2.64	.819	156
Frequency	4.16	1.327	156

Correlations				
		50% discount	Spending	Frequency
50% discount	Pearson Correlation	1	.106	.475
	Sig. (2-tailed)		.189	.000
	N	156	156	156
Spending	Pearson Correlation	.106	1	.125
	Sig. (2-tailed)	.189		.121
	N	156	156	156

Fig 3.34. SPSS output for H1(b)

So we dismiss ( $H_0$ ) and accept ( $H_1$ ).



**Hyp 2(a).**

- **Ho:** no relation between the facilities(Membership) provided by apps and CLV(Referrals) in online food ordering firms.
- H1:** is relation between the facilities(Membership)provided by apps and CLV(Referrals) in online food ordering firms.

Services such as memberships				
Activity	Correlation Coefficient		Remarks	
	Zomato gold	Swiggy Super	Zomato gold	Swiggy Super
Referrals	0.644	0.313	significant	significant

TABLE 3.5. Output for H2(a)

Table shows that Service such as membership offered to the customers have a significant relationship with referrals. The customer will refer membership program of Zomato “Zomato Gold” to their friends and family. The correlation coefficient is 0.644.

	Mean	Std. Deviation	N	
Zomato GOLD	1.37	.485	156	
Swiggy SUPER	1.19	.395	156	
Referral	1.51	.501	156	

Correlations				
		Zomato GOLD	Swiggy SUPER	Referral
Zomato GOLD	Pearson Correlation	1	.298	.644
	Sig. (2-tailed)		.000	.000
	N	156	156	156
Swiggy SUPER	Pearson Correlation	.298	1	.313
	Sig. (2-tailed)	.000		.000
	N	156	156	156

Fig 3.35. SPSS output for H2(a)

So we reject the( $H_0$ ) and accept ( $H_1$ ).

**Hypothesis 2(b).**

- **H<sub>0</sub>**: no relation between the facilities(Customization) provided by apps and CLV(Referrals) in food ordering firms.

**H<sub>1</sub>**:is relation between the facilities(Customization)provided by apps and CLV(Referrals) in online food ordering firms.

Service such as customization facility		
Activity	Correlation Coefficient	Remarks
Referrals	0.604	Significant

TABLE 3.6. Output for H2(b)

Table shows that customization facility provided to the customers have a significant relationship with referrals. i.e. correlation coefficient is 0.604.

Descriptive Statistics			
	Mean	Std. Deviation	N
customization	3.06	.859	156
Referral	3.28	.900	156

Correlations			
		customization	Referral
customization	Pearson Correlation	1	.604
	Sig. (2-tailed)		.000
	N	156	156
Referral	Pearson Correlation	.604	1
	Sig. (2-tailed)	.000	
	N	156	156

Fig 3.36 SPSS output for H2(b)

So we dismiss the( $H_0$ ) and accept the( $H_1$ ).

## Hypothesis for the Secondary Objective

### Hypothesis 3:

- **Components influencing the customers to choose online FDA services.**

**Ho:** no relation between factors affecting usage & food delivery apps(Zomato & Swiggy).

**H1:** is relation between the factors affecting usage & food delivery apps(Zomato & Swiggy).

Factor that influence customers the most to order online (ZOMATO & SWIGGY)				
Factors	Correlation Coefficient		Remark	
	Zomato	Swiggy	Zomato	Swiggy
On-Time delivery	0.621	0.596	significant	Significant
Quality	0.590	0.589	significant	significant
Quantity	0.512	0.539	significant	significant
Delivery charges	0.345	0.662	significant	significant
Discounts	0.734	0.694	Significant	Significant
Correct Order	0.530	0.583	significant	significant
Minimum order criteria	0.430	0.579	significant	significant
Ease of use	0.509	0.553	Significant	Significant

TABLE 3.6 Output for H3

Table shows that factors that influence customer to order online have a significant relationship with usage of different apps like Zomato & Swiggy .

For **Zomato**, factors like Discounts(0.734) & on-time delivery(0.621) are the main reason behind usage of app. For **Swiggy**, factors like Delivery charges(0.662), Discounts(0.694) & on-time delivery(0.596) are the main reason behind usage of app.

Descriptive Statistics			
	Mean	Std. Deviation	N
Zomato Usage	3.42	1.186	156
On time food Delivery	3.46	1.068	156
Quality	3.42	.964	156
Quantity	3.27	1.012	156
Delivery Charges	3.04	1.065	156
Discount	3.18	1.104	156
Correct order	3.51	1.104	156
Minimum order amount criteria	3.12	1.074	156
Ease of Use	3.53	1.019	156

5  
Fig 3.37

Descriptive Statistics			
	Mean	Std. Deviation	N
Swiggy Usage	3.35	1.211	156
On time food Delivery	3.29	1.130	156
Quality	3.14	1.080	156
Quantity	3.13	1.088	156
Delivery Charges	2.92	1.047	156
Discount	3.02	1.086	156
Correct order	3.21	1.123	156
Minimum order amount criteria	3.06	1.103	156
Ease of Use	3.33	1.080	156

Fig 3.38

Correlations										
		Zomato Usage	On time food Delivery	Quality	Quantity	Delivery Charges	Discount	Correct order	Minimum order amount criteria	Ease of Use
Zomato Usage	Pearson Correlation	1	.621	.590	.512	.345	.734	.530	.430	.509
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000
	N	156	156	156	156	156	156	156	156	156

Fig 3.39

Correlations										
		Swiggy Usage	On time food Delivery	Quality	Quantity	Delivery Charges	Discount	Correct order	Minimum order amount criteria	Ease of Use
Swiggy Usage	Pearson Correlation	1	.596	.589	.539	.662	.694	.583	.579	.553
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000
	N	156	156	156	156	156	156	156	156	156

Fig 3.40

**Hypothesis 4:**

- **Component that hinders the customers to choose FDA services.**

**Ho:** no relation between heavy discounts & dissatisfaction with food delivery apps.

**H1:** is relation between heavy discounts & dissatisfaction with food delivery apps.

Factors leading to dissatisfaction due heavy discounts (Hinderance)		
Factors	Correlation Coefficient	Remark
Bad Service	0.264	significant
Quality	<b>0.455</b>	Significant
Quantity	0.151	significant
Packaging	0.241	significant
Taste	0.229	significant
Late delivery of orders	<b>0.581</b>	Significant
Privacy issues	0.129	Insignificant
Minimum order criteria	<b>0.418</b>	Significant
Bad experience in Past	0.152	Insignificant

TABLE 3.7 Output of H4

Table shows that factors leading to dissatisfaction(**Hinderance**)have a significant relationship with Huge discounts. From table above, Late delivery of orders(0.581), Minimum order criteria(0.418) and quality(0.455) are the main reason behind dissatisfaction.

Descriptive Statistics			
	Mean	Std. Deviation	N
Dissatisfaction due Discounts	2.59	.834	156
Bad service	2.35	1.015	156
Quality	2.50	.980	156
Quantity	2.53	.973	156
Packaging	2.47	.974	156
Taste	2.56	1.017	156
Late delivery of food	2.49	1.050	156
Privacy issue	2.27	.911	156
Minimum Delivery amount	2.46	1.005	156
Bad past experience	2.47	1.019	156

Fig 3.41 Descriptive Statistics of H4

		Correlations									
		Dissatisfaction due Discounts	Bad service	Quality	Quantity	Packaging	Taste	Late delivery of food	Privacy issue	Minimum Delivery amount	Bad past experience
Dissatisfaction due Discounts	Pearson Correlation	1	.264	.405	.151	.241	.229	.581	.129	.418	.152
	Sig. (2-tailed)		.001	.000	.039	.002	.004	.000	.108	.000	.059
	N	156	156	156	156	156	156	156	156	156	156

Fig 3.42 SPSS output of H4

So we dismiss the (H<sub>0</sub>) and accept the (H<sub>1</sub>).

**Hypothesis 5:**

- **How 50% discounts affect the buying behaviour of customers.**

**Ho:** no relation between 50% discounts & motivation to buy.

**H1:** is relation between 50% discounts & motivation to buy.

Offered 50% Discount to the customers		
Activity	Correlation Coefficient	Remarks
Motivation to Order food online	0.454	Significant

TABLE 3.8 Output for H5

Table shows that 50% discounts offered to the customers have a significant relationship with motivation to order food online. i.e. correlation coefficient is 0.454 and p-value is 0.000 which is less than 0.05.

Correlations			
Descriptive Statistics			
	Mean	Std. Deviation	N
50% discount	3.81	1.238	156
Motivation to buy	3.38	1.080	156

Correlations			
		50% discount	Motivation to buy
50% discount	Pearson Correlation	1	.454**
	Sig. (2-tailed)		.000
	N	156	156
Motivation to buy	Pearson Correlation	.454**	1
	Sig. (2-tailed)	.000	
	N	156	156

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Fig 3.43 SPSS output of H5

So we dismiss the(Ho) and accept(H1).

## **CHAPTER 4: RESULTS**



#### 4. RESULTS

Out of the total sample size of 156 respondents, 49.7% were male and 50.3% were female. The major population is of the people of age group 15-30 years i.e. 97% where as 1% are from age group 31-45 years and 2% are from age group 45-60. Major population is of Students being 77% followed by Private employee 18%. Others included Government employee, businessman etc. being 4%.

As compared to females, males were more familiar with the online food delivery apps. Females are more aware of specific apps like Zomato and Swiggy but are using it less. The usage of Zomato and Swiggy was found to be more by the males.

Out of all the services provided by Zomato, Book-a-table is known to consumers to a large extent and Zomato events is lesser known. For swiggy, Self pickup is known to consumers out of all the services. 66% of the consumers are not using any services of faasos and Ubereats.

“Zomato Gold” membership programs provided by Zomato is used by 31% of the consumers and 29% are planning to use the membership provided by the Zomato in future. “Swiggy Super” is the membership provided by Swiggy is used by 19% of the population and 18% are planning to use the membership provided by the Swiggy in future. Most of the users believe that Zomato & swiggy offers maximum discounts on orders which is one of the factors responsible for high popularity and usage of these apps.

**Cashbacks** are the most preferred form of offers for the consumers. 89% of the people visit restaurant less frequently because they can order their favourite meals online at a lesser price due to discounts offered by food delivery apps. 86% will switch an app due to better discounts by other apps for ordering a dish. Thus, discount will affect the loyalty of consumers for different apps. Most of the users of the apps will repurchase from the same app if their current order provides discounts on the next orders. **Late delivery of food, minimum delivery amount and bad past experience** are the main

reasons for consumer dissatisfaction with the food delivery apps. Males and females were equally sensitive to discounts and it is the most important factor for both to switch between apps.

**Doorstep delivery** is an important parameter for using these apps. Around **40%** of the population prefer to order food **2-3 times a month** on an average. More than **85% people spends more than 100** and above on an average on ordering food. Around 90% of the consumers are satisfied with customization facility. It can be improved further for better customer experience satisfaction. **Discount** is the major factor which will motivate **customers to switch** between different apps.

Customers services like membership, customization, doorstep delivery will affect the lifetime value of the customer. If the customer are satisfied with the services they are getting, they would suggest and refer these to their friends and family and motivate others to use these services. Prospect customers will become active users and there will be additions of new customers which will lead to profitability of the firm.

Huge discount on orders offered to the customers will motivate them to buy and spend more. Customers will be willing to add extra item in their cart along with the existing item which will lead to cross-selling. When customers are getting more than expected, they would become loyal to the brand and they will not bother to spend on services like membership programs. Membership programs will ensure that customer is actively participating for a period of time which will improve the frequency of the orders and monetary value for the firm. With cross-selling, up-selling & RFM(recency, frequency, monetary) increasing, the lifetime value of customer will have a positive relationship with huge discounts and customer services.

- From the study, cross-sell & upsell will have significant relationship with discounts on food order. Since the correlation coefficient of cross-sell and upsell are 0.534 and 0.440 respectively, therefore, if huge discounts in the form of 50% discounts or cashbacks are offered to the customers, the lifetime value will increase.

- The frequency of orders have a significant relationship with discounts offered since the correlation coefficient is 0.475. Therefore with change in the discounts offered on orders will have a linear change in the frequency of orders. With the increase in the frequency of orders, more users are encouraged to participate which will lead to increased CLV.
- Customers services/facilities like Membership, customisations have a positive relationship with the referral. The correlation coefficient for **Zomato Gold** membership and **Swiggy Super** are 0.644 and 0.313 respectively. The more people are satisfied with the services they are getting, the more they would refer to their friends and family. Referrals is one of the driver for CLV. Since from our study, people are willing to refer the membership programs to their friends and family, CLV is increased.
- The correlation coefficient of customisations with reference to the referral is 0.604. Therefore customisation and referral will have a positive relationship which will lead to increase in CLV.
- Discounts(0.734),on-time delivery(0.621),and quality(0.590) are the main factors, why consumers use zomato to order food.
- Discounts(0.694),delivery charges(0.662),and on time delivery (0.596) are the main factors, why consumers use swiggy to order food.
- Late delivery of food(0.581), minimum order criteria(0.418) and quality(0.455) are the main factors of dissatisfaction(Hinderance).
- 50% discounts have a positive relationship with motivation to buy. From the study, the correlation coefficient for motivation to buy with respect to 50% discount offered is 0.454 which shows that customers are more motivated to buy more when they are offered more discounts.

**Hypotheses are evaluated and they conclude the following:**

S.No.	HYPOTHESIS DESCRIPTION	RESULTS
-------	------------------------	---------

<b>H1(a)</b>	Huge discount(50% discount) on CLV(Cross-sell,Up-sell) in online food ordering firms.	<b>Accepted</b>
<b>H1(b)</b>	Huge discount(50% discount) on CLV(RFM) in online food ordering firms.	<b>Accepted</b>
<b>H2(a)</b>	Facilities(Membership) provided by apps on CLV(Referrals) in online food ordering firms.	<b>Accepted</b>
<b>H2(b)</b>	Facilities(Customization) provided by apps and CLV (Referrals) in online food ordering firms.	<b>Accepted</b>
<b>H3</b>	Factors affecting usage on food delivery apps(Zomato & Swiggy).	<b>Accepted</b>
<b>H4</b>	Heavy discounts on dissatisfaction with food delivery apps.	<b>Accepted</b>
<b>H5</b>	50% discounts on motivation to buy.	<b>Accepted</b>

TABLE 4.1 Evaluation of hypothesis

## **CHAPTER 5. FINDING AND RECOMMENDATIONS**

## 5. FINDING AND RECOMMENDATIONS

At present food delivery apps provides huge offers and discounts to the existing customers to enhance their experience of online ordering of food and to attract new customers and retain them. The offer and discounts vary from cashbacks, vouchers, coupons, to 10-50% discounts. Through this study, it is found that these huge discounts and different services offered by the Discount affects the loyalty of the customers, profitability of the firm and referrals of the services by the firm. The profitability, loyalty and referrals have a direct impact on the lifetime value of the customers. Also, If the customers are giving high satisfaction ratings to the services they are getting such as membership programs, customizations, doorstep delivery etc. then they would refer these services to their friends and family as well which will affect the customer lifetime value. The study finds a significant relationship of referral with customization and membership Thus, both discount and facilities/services have a positive effect on CLV. Zomato and Swiggy are preferred by maximum number of consumers. Consumers prefer online mode of ordering food through the apps because 82% like to order food online due to doorstep delivery followed by Ease & Convenience(74%) and 24/7 Availability(69%). Late delivery of food(0.581), minimum order criteria(0.418) and quality(0.455) are the main factors of dissatisfaction(Hinderance). More than **85% people spends more than 100** and above on an average on ordering food. Around 90% of the consumers are satisfied with customization facility. **Discount** is the major factor which will motivate **customers to switch** between different apps and consumers are delighted by the apps gives maximum discount. Sometimes customers perceives less value to discounted products so the firm should provide better quality services to their customers along with discounts.

## **CHAPTER 6. LIMITATIONS OF THE STUDY**

## **6. LIMITATIONS OF THE STUDY**

- The non-probability sampling method is used in data collection. Data is collected through a structured questionnaire which is given to people who are easily available and ready to fill the questionnaire. There is limited access to the respondents. The survey was supposed to be completed in short period of time. Thus, only a specific group of people participated in the study.
- The opinion of the whole population was not taken into account. It may lead to disproportionate opinions in the sample. The study is vulnerable to selection bias and may result in sampling error.
- Also, the conclusions drawn from the study cannot be generalized. We can only identify the trends in online food ordering behavior but we cannot formulate rules in online buying behaviour based on this study.





# Research project report

---

## ORIGINALITY REPORT

---

2%

SIMILARITY INDEX

1%

INTERNET SOURCES

0%

PUBLICATIONS

2%

STUDENT PAPERS

---

## PRIMARY SOURCES

---

1

Submitted to HIBT

Student Paper

<1%

2

Submitted to University of Wales Institute,  
Cardiff

Student Paper

<1%

3

Submitted to Amity University

Student Paper

<1%

4

[apk-download--android.blogspot.com](http://apk-download--android.blogspot.com)

Internet Source

<1%

5

[riunet.upv.es](http://riunet.upv.es)

Internet Source

<1%

6

Submitted to Symbiosis International University

Student Paper

<1%

7

Submitted to Mahidol University

Student Paper

<1%

8

[www.ukessays.com](http://www.ukessays.com)

Internet Source

<1%

9

[dspace.bracu.ac.bd](http://dspace.bracu.ac.bd)

Internet Source

<1%

10

Submitted to Kensington College of Business -  
Brunei

Student Paper

<1%

11

Submitted to Glyndwr University

Student Paper

<1%

12

[www.scribd.com](http://www.scribd.com)

Internet Source

<1%

Exclude quotes On

Exclude matches < 10 words

Exclude bibliography On