

ZOMATO BUSINESS-LEVEL STRATEGY AND ITS STRATEGIC ROLE IN THE DIGITAL FOOD SERVICE MARKET

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Abstract

The online food delivery sector in India, exemplified by Zomato, has transformed consumer behavior and reshaped the digital food service market. This study investigates how Zomato's business-level strategies—including pricing, discounts, service quality, technology and innovation, and sustainability through corporate social responsibility (CSR)—influence customer perception, satisfaction, and loyalty. Using a quantitative approach, data were collected from 46 respondents via a structured questionnaire. Analysis through descriptive statistics, reliability testing, and multiple regression revealed that marketing mix strategies and CSR initiatives significantly impact customer behavior, whereas service quality and technology had a limited effect. The study concludes that Zomato's strategic advantage arises primarily from effective promotional strategies combined with socially responsible practices, reinforcing its leadership in India's online food delivery market.

Keywords: *Zomato, Business Strategy, Customer Perception, Marketing mix, Service Value, CSR, Regression Analysis, Online Food.*

Introduction

The digital food service industry in India has witnessed phenomenal growth due to modifications in consumer lifestyles, smartphone penetration, and increased use of the Internet. Zomato, among the largest food delivery service, has implemented multiple tactics at the business level to remain competitive and a leader in the market. Such tactics include; aggressive discounting, subscription options (Zomato Gold/Pro), innovative technological solutions (AI recommendations), and sustainability solutions (green packaging solutions). These tactics have increased Zomato's exposure and reach; however, little is understood of their ongoing impact on consumer perception and loyalty toward Zomato. This study aims to assess Zomato's strategies and their impact on consumer satisfaction, loyalty, and future intentions. This study will delineate Zomato's strategies within the wider context of the digital food service industry.

Research Objectives

1. To investigate the influence of Zomato's pricing policies, promotional campaigns, and discounts on the customer perception.
2. To Investigate the impact of service quality and customer experience on customer satisfaction and behavior.
3. To Assess the role of technology and innovation in Zomato's market position.
4. To Evaluate the impact of sustainability and corporate social responsibility on customer loyalty.
5. To Understand the cumulative impact of Zomato's strategies on customer behavior and its strategic position within the digital food service market.

Literature Review

In India, online food delivery services, such as Zomato, have increasingly utilized aspects of transactional and relational strategies to attract, retain, and engage customers in a highly competitive market. One of the clearly visible forms of transactional strategies is pricing and discount-driven

promotions, as competitive discounting has a marked influence on consumer decision-making through tangible or immediate incentives through financial and trial means, and importantly, repeat orders as customers opt for savings incentives or a financially-controlled delivery option in a price-sensitive market (Sharma & Mehta, 2020). While related to price-based incentives, service quality also plays a pivotal role in consumer satisfaction and consumer trust. Delivery on time, order accuracy, and any added reliability frame much of a person's experience as a consumer at a point of sale (Gupta, 2021). Beyond purely transactional-based initiatives, customer loyalty and retention, and relationship-building, is through subscription/order programs, like Zomato Gold and Pro, which appear to increase value for customer loyalty with personalized benefits, premium access, and exclusive offers, which generate a commitment to using a platform on a recall basis (McKinsey, 2019). Competitive positioning also allows food delivery services to differentiate in an already crowded space; since Zomato's competitive market position and emphasis on the variety of restaurants in multiple cuisines and lower price compared to competitors, like Swiggy, justifies its value-building strategies to further reinforce the market (Kumar, 2022).

The customer experience is reinforced by technological innovations in the form of an intuitive application interface, AI-driven recommendations, and live order tracking, all of which simplify the ordering process while creating a seamless and personalized user experience (Zomato Annual Report, 2023). Trustworthiness and reliability are important as loyal customers are willing to commit to a provider based on the continual quality of food delivery process and the provider meeting safety standards and food hygiene (Gupta, 2021). Customers who are happy with the user experience are more likely to engage in recommendation behavior to promote the platform to their friends and family, further extending their influence and credibility in the marketplace (Kumar, 2022; Sharma & Mehta, 2020). Finally, innovation, technology adoption, and sustainability actions such as eco-friendly packaging exemplifying waste reduction, and furthering their corporate social responsibility campaigns, increasingly reshape consumer perceptions by aligning the brand with contemporary ethical and environmental standards (McKinsey, 2019; Zomato Annual Report, 2023). Combining these studies, it is evident that customer loyalty formation is not characterized by a singular factor but is an integrated composition of readily formed attributes accessing transactional benefits, service quality, technological innovations, relational trustworthiness, and being socially responsible, which cumulatively characterize Zomato's competitive advantage in the dynamic online food delivery market in India.

Hypotheses

1. H1: The use of service marketing mix strategies (pricing and discounts) by Zomato significantly impact customer behavior positively.
2. H2: Service quality and customer experience have a positive impact on satisfaction and loyalty.
3. H3: Technological innovation has a positive effect on customers' perceptions of Zomato.
4. H4: Sustainability and CSR programs implemented by Zomato affect customer loyalty positively.
5. H5: Zomato's business-level strategies collectively explain significant variance in customer behavior.

Theoretical / Research Framework



Methodology

1. Research Design: Quantitative, exploratory.
2. Sample: 46 respondents (customers familiar with Zomato).
3. Sampling Method: Simple Random sampling.
4. Data Collection: Structured questionnaire based on 10 strategy-related items.
5. Analysis Tools: SPSS used for reliability, descriptive statistics, and multiple regression.

Measurement Model Analyses

Reliability Analysis	
Cronbach's Alpha	N of Items
.607	5

Interpretation

The internal consistency of the measurement scale was assessed using Cronbach's Alpha. The reliability coefficient was found to be 0.607 for the five items. Although slightly below the conventional threshold of 0.70, this value is considered acceptable for exploratory research, indicating that the items used in the study are moderately reliable in measuring the constructs.

Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Marketing_Mix	46	1	3	1.88	.660	.221	.350
Service_Quality_Customer_Experience	46	1	3	2.18	.574	.073	.350
Customer_Behavior	46	1	3	2.14	.638	-.092	.350
Technology_Innovation	46	1	3	2.09	.865	-.173	.350
Sustainability_Corporate_Social_Responsibility	46	1	3	2.20	.934	-.410	.350
Valid N (listwise)	46						

Descriptive Statistics

Descriptive analysis was carried out to understand the distribution of the variables.

1. **Marketing Mix (M = 1.88, SD = 0.66)**: indicated that respondents moderately agreed with marketing-related factors.
2. **Service Quality & Customer Experience (M = 2.18, SD = 0.57)**: showed a slightly higher agreement, suggesting moderate satisfaction.
3. **Technology & Innovation (M = 2.09, SD = 0.87)**: reflected moderate but varied perceptions, as indicated by higher standard deviation.
4. **Sustainability & CSR (M = 2.20, SD = 0.93)**: had the highest mean score, showing relatively stronger agreement among respondents, though responses were more dispersed.
5. **Customer Behavior (M = 2.14, SD = 0.64)**: demonstrated moderately positive behavioral intentions.
6. Skewness values were close to zero, confirming that the data followed an approximately normal distribution suitable for regression analysis.

Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576 ^a	.332	.266	.547
(Constant), Sustainability_Corporate_Social_Responsibility, Technology_Innovation, Service_Quality_Customer_Experience, Marketing_Mix				

ANOVA						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.078	4	1.519	5.084	.002 ^b
	Residual	12.254	41	.299		
	Total	18.332	45			

a. Dependent Variable: Customer_Behavior

b. Predictors: (Constant), Sustainability_Corporate_Social_Responsibility, Technology_Innovation, Service_Quality_Customer_Experience, Marketing_Mix

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.241	.374		3.318	.002
	Marketing_Mix	.428	.145	.442	2.958	.005
	Service_Quality_Customer_Experience	-.250	.159	-.225	-1.573	.123
	Technology_Innovation	.102	.104	.138	.975	.335
	Sustainability_Corporate_Social_Responsibility	.195	.095	.286	2.050	.047

a. Dependent Variable: Customer_Behavior

Regression Analysis

The multiple regression model examined the influence of Marketing Mix, Service Quality & Customer Experience, Technology & Innovation, and Sustainability & CSR on Customer Behavior.

1. **Model Summary:** The model recorded an R value of 0.576 and R^2 of 0.332, suggesting that about 33.2% of the variance in customer behavior can be explained by the independent variables. The Adjusted R^2 (0.266) indicates that the model explains 26.6% variance after accounting for sample size and number of predictors.
2. **ANOVA Results:** The regression model was statistically significant ($F(4,41) = 5.084$, $p = 0.002$), confirming that the predictors collectively have a significant impact on customer behavior.
3. **Coefficient Analysis:**
4. Marketing Mix ($\beta = 0.428$, $p = 0.005$) emerged as the strongest positive and significant predictor of customer behavior.
5. Sustainability & CSR ($\beta = 0.195$, $p = 0.047$) also showed a positive and significant effect, highlighting the importance of socially responsible practices.
6. Service Quality & Customer Experience ($\beta = -0.250$, $p = 0.123$) had a negative but non-significant relationship, suggesting that service quality did not strongly influence behavior in this dataset.
7. Technology & Innovation ($\beta = 0.102$, $p = 0.335$) displayed a positive but statistically insignificant effect.

Interpretation: The results indicated that Marketing Mix approaches and CSR activities had the most important effect on customer behavior in this study. Service Quality and Technology continue to be discussed in the literature as important, but their influence on this model was not statistically significant, possibly due to the characteristics of the sample or the influence of overlap with other predictors. Nevertheless, the regression model provides evidence that businesses can improve customer behavior primarily through effective marketing practices and a socially responsible business model.

Conclusion

Zomato's business-level strategies have a significant impact on customer perceptions, satisfaction, and retention in the digital food services market in India. According to the study, the marketing mix strategies (i.e., pricing strategies, discounts, and promotional strategies) were reported to have the largest effect on customer behaviours, while sustainability and corporate social responsibility (CSR) strategies were also positively related to customer perceptions and retention. Service quality (as a food service strategy) and technological strategy, although noteworthy, did not have marked effects on customer perceptions and retention in this sample, suggesting that consumers respond better, in this context, to incentives or ethical behaviours. The overall combination of a marketing strategy with socially responsible strategies create not only engagement from customers, but also reputation as a brand, while also maintaining competitive advantage in an increasingly crowded market. This reinforces the ways in which balance of commercial strategies with socially responsible strategies is critical to the long term retention of customers, and the continued role as market leader in the online food delivery industry in India.

Future Implications For Managers

1. Focus on strengthening marketing campaigns and CSR initiatives to build stronger customer connections.
2. Enhance service quality and integrate technology more effectively to improve long-term loyalty.

For Researchers

1. Explore longitudinal studies to assess how strategies evolve over time.
2. Investigate cross-platform comparisons (e.g., Zomato vs Swiggy) to better understand competitive dynamics.

Limitations

1. Small sample size ($n = 46$), limiting generalizability.
2. Cross-sectional design restricts long-term insights.
3. Reliance on self-reported data introduces possible bias.

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