

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 7 | Issue 2

2024

© 2024 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of **any suggestions or complaints**, kindly contact Gyan@vidhiaagaz.com.

To submit your Manuscript for Publication in the **International Journal of Law Management & Humanities**, kindly email your Manuscript to submission@ijlmh.com.

A Comparative Study on the Business Dynamics and Anti-Competitive Behaviour of Swiggy and Zomato

P. ROSHINI¹ AND PARTHEESWARAN²

ABSTRACT

Food delivery sector is one of the booming business areas in the recent time. In this research paper, the comparative analysis of the market dynamics and business operations of SWGGY and ZOMATO are covered.

The research paper starts with a brief overview on the foundation and key features of both the companies. It includes details of the founders and the graph of growth of the company as well.

Further the paper aims on the anti-competitive behaviour of these two companies that have been alleged previously by the Restaurants Union and brief detail of that case are mentioned.

Next to that the results of the survey conducted on this particular area is descriptively provided and it is supported with the findings of such survey. In the survey, areas like, whether people use online food ordering platforms, what are the reasons for opting it and various features of both the companies are listed out and which company is better at providing such services, are explored.

In addition to it I have supported the survey with my opinion and analysis over the results achieved through the survey and they research paper is concluded therein.

Keywords: Swiggy, Zomato, Business Structure, Anti-Competitive Behavior.

I. INTRODUCTION

The development and advancement in today's generation is very futuristic and almost every field has their own improvements, upgrades and technological advancements. In recent times, technology makes almost everything available at one's doorstep just with the help of internet and applications that make things advanced, yet easily accessible by the users.

From getting our daily groceries, online shopping of all types of commodities, door delivery of medicines, beauty services, cleaning services and even the doorstep cook idea; where a cook

¹ Author is a student at SRM School Of Law, SRM University of Science And Technology, Kattankulathur, India.

² Author is a LL.M. student at SRM School Of Law, SRM University of Science And Technology, Kattankulathur, India.

would come to your house and make the meal for you, almost every chore, every good and all services are available at your doorstep. Similarly the idea of ordering food online and its delivery at your doorstep was a well received business among the people.

If the question is about good food, in the earlier times and even till now, one could get a delicious meal only in their house, home cooked by their mother or other family members. But in case of bachelor and those who are living away from their native, the only way to have a delicious meal was by eating at restaurants as most of them were not well versed with cooking. However, with the fast-moving world, people found it a task to either cook at home or even go out to eat after their hectic schedule. Cooking, cleaning, vessel washing altogether seems like a huge pile of work to do and one might just with that thought avoid cooking. That's when the restaurant business developed drastically.

This paved the way for the new idea of companies that wished to deliver food at people's doorstep. This business idea attracted many people, as it required no one to physically get out of their houses to get food. Food was delivered to people at their doorstep, there were wide range of food options to select from and in addition to all these, the companies provided many offers and discounts which attracted the people more. This paved way for the drastic incline graph of various food companies.

II. A BRIEF NOTE ON FOOD DELIVERY SECTOR

The food delivery sector is observed to have a booming growth in India, and especially with the arising of COVID crisis, it was the prime time which observed the rapid growth of these food delivering companies.

In the early period, ordering food was only considered if someone wants to order fast food like pizza, burger, kfc and etc. Normal food where not considered as a great bet to order food online. As the industry grew and as the numbers increased people started using these online ordering platforms more which also led them to consider ordering food other than fast food as well.

The major trend that resulted in the boom of this sector includes the following:

- On-the-go food items
- Fast home delivery models
- Ready to eat (RTE)
- Cheaper delivery costs

The major player of this particular sector includes:

- Swiggy
- Zomato
- Uber eats
- Food panda
- ONDC

Out of these players, Swiggy and Zomato are considered to be the dominant and leading players in the food delivery sector by various aspects.

III. AN OVERVIEW ON SWIGGY

Swiggy is one of the most famous and leading food deliver business module that has reached almost every corner of this modern world.

Swiggy is a Bangalore based start-up which commenced its business on the year 2014.

The founders of this startup are Shriharsha Majety, Nandan Reddy and Rahul Jamini. In 2014, the two graduates from BITS Pilani , Sriharsha and Nandan came up with the idea of ‘Hyper local food delivery’ wanting to make food available at doorsteps. They approached Rahul with the idea, and he developed this vision and rejuvenated it by building a website for the same.

In 2015, the company raised its initial round of funding, and they created an application for their business module which was a turning point in their graph. Through this app people were able to order food online and get it delivered to their doorstep within minutes.

Swiggy not only delivered food from restaurants, but they also supported the idea of cloud kitchen. The concept of cloud kitchen is where people with the connection with Swiggy were able to put their hook cooked food in the platform and sell it to various people. So, cloud kitchen owners will register with Swiggy and make their hook cooked food available in the platform and Swiggy delivers the food to people who order it. This module greatly developed small level entrepreneurs.

Apart from this, recently Swiggy has introduced ‘Swiggy Partners’. It is a platform where the partners who have enrolled can request for premium materials for packaging, which would help such partners to provide valuable and good quality products at reasonable price which will develop their business.

As the business developed Swiggy also introduced a new service provided by them under the name “Swiggy Go” where it provided pick up and drop facility of documents, forgotten keys, toys, calendars and a variety of materials around the city.

When the various services provided by Swiggy was widely appreciated and well reached among the customers, the company widened its business operations including yet another service called Swiggy Instamart, where groceries, fruits, vegetables stationeries and various other products were delivered through online method of business. Just like how one orders food, they an also orders these types of goods and all the supplies will be delivered to one's doorstep.

Today with net worth around 12.1 billion dollars, Swiggy is one of the most famous food delivery business module almost occupying a dominant position competing with the company Zomato.

IV. AN OVERVIEW ON ZOMATO

Zomato was founded by Deepinder Goyal and Pankaj Chaddah in the year 2008. The headquarters of the company is located in Gurgoan. It is an undeniable fact hat Zomato has been a pioneer in the food ordering business as it was one of the very few companies who discovered that the connection between restaurants and the customers can pave way for a new business module, which actually resulted in a revolutionary business idea later time. The founders wanted to connect the foodies with various restaurants and options that was available around them, enabling a new stream of food business chain.

The background of the formation Zomato started when the founders had a thought that it would be a great idea to display the various restaurants around the locality and also to list out the menus and items they offer. With this the foodies would easily find the right pick for their meal, even from the hotels that they didn't know it existed in such places. It benefits both the customers and also restaurants which would boost their sales. As a result, they launched 'Food Bay' in the year 2008. In the very initial period, the business operation was effective around the Delhi-NCR region. Once the business gained momentum the founders wanted to develop its operation all around the nation.

When Deepinder and Pankaj wanted to establish the business operations around various localities of the nation, they started to engage in rebranding exercises and by then food bay was rename as Zomato in the year 2010. And from then the company turned as one of the leading and pioneer business modules in the food delivery sector which inspired many people resulting in the creation of various new companies in the field. Zomato spread across the globe within a short span of time and the revenue of the company rose to a 13.9% within August 2023.

Zomato's core activities include a wide range of work which includes, managing multiple networks, making sure hat customers receive best service from the company, advertising and making way for sponsored content, build the brands value and paving way to various new

restaurants.

Zomato basically offers food delivery service. It enables numerous restaurants to display their menu in the platform. From that customers as per their wish and based on their preference and locality can order their favourite delicacy and with the assured time, Zomato makes the delivery executed through its major players the delivery partners. Apart from that, Zomato also serves as guide providing information on various eateries around the city, offering reservation option and also offers for the people who subscribed to its membership. Zomato as of April 2024 has a market capital worth 20.49 billion dollars.

V. ALLEGATION OF ANTI-COMPETITIVE BEHAVIOUR CONDUCTED BY SWIGGY AND ZOMATO

From the above findings and observation made in both Swiggy and Zomato, the two leading food delivery companies in the market, it is very clear that these two companies have a commanding position among their competition. But with all the services they provide, it is undeniable that these companies impose charges which at times falls as a burden over the customers and also curb the business on the restaurants in very small numbers. This created an imbalance in the competition chain.

National Restaurant Association of India filed a complaint to Competition Commission of India (CCI) against Swiggy and Zomato, alleging that these companies carried out practices which was violative in nature of Section 3(4) read with Section 3(1) of the Competition Act 2002. Zomato and Swiggy were using practices like deep discounting, charging excessive commission, data masking, coerced bundling of foods, unfair contracts for listing, use of price parity, etc. These situations aggravated and impacted the restaurant owners immensely during the Covid period.

VI. FINDINGS OF THE SURVEY

With the above said information, a survey was conducted to compare the reach of these two dominant companies (i.e) Swiggy and Zomato among the customers and to understand what are the views of the customer over the functions of both the companies, and in comparison, which business module they prefer.

Along with it, the survey also covers the opinion of the surveyors on the claim of anti-competitive behaviour conducted by Swiggy and Zomato and where do they stand with that claim, on the favour of these two companies or in the favour of the Restaurant owners.

(A) Methodology

Descriptive research methodology is used here. The results were collected from people through sampling method. The tool used for the study is a structured questionnaire.

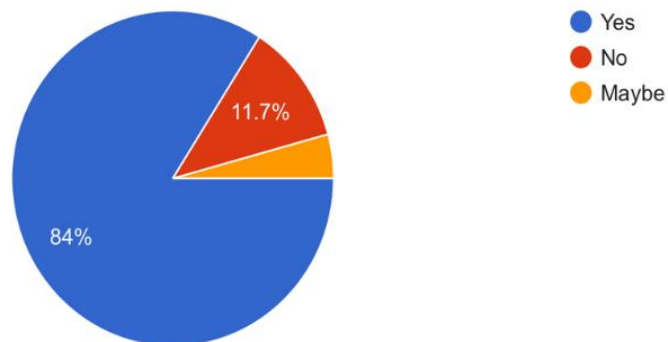
Sample size: 94 responses.

Age Group – Responses from people between age of 19 to 45

1) Do you order food online?

Do you order food online?

94 responses

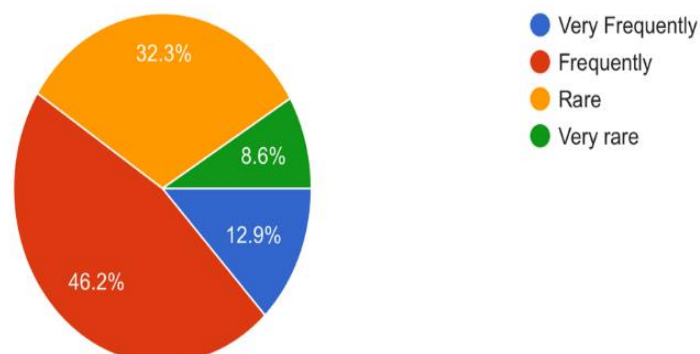


FINDING: From the survey it is clear with 84% most of the people prefer to order food online.

2) How frequently do you order food online?

How frequently do you opt to order online?

93 responses



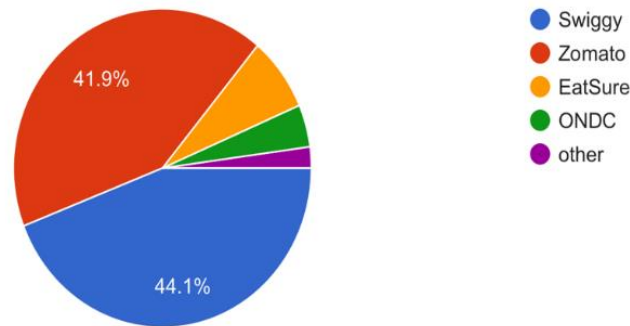
FINDING: From the survey, by the securing 46.2%, it is evident that people frequently order online yet not falling under the very frequent category.

Its also to be noted that an equally large amount of people , valuing around 32.3% use these platforms Rarely.

3) Which delivery company you prefer the most?

Which food delivery company you prefer the most?

93 responses

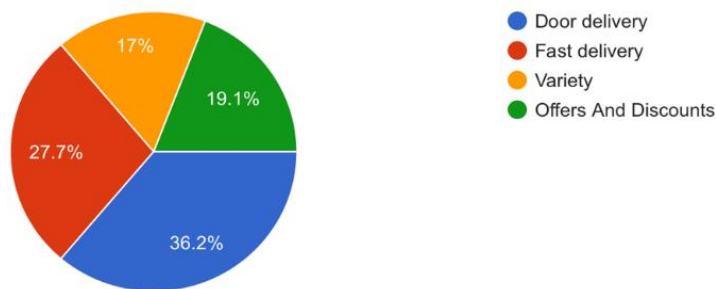


FINDING: With 44.1% Swiggy becomes the most preferred platform and with almost an equal percentage weighing around 41.9% Zomato is the second most preferred platform having a neck to neck competition with Swiggy.

4) What feature attracts you the most?

What feature attracts you the most?

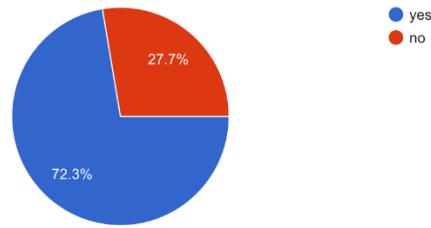
94 responses



FINDING: Door Delivery service offered by these companies attracts most of the customers to opt for online food ordering.

5) Do you feel ordering food online is time saving?

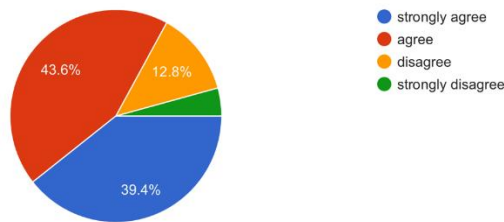
Do you feel ordering food online is time saving?
94 responses



FINDING: Around 72.3% of the surveyors feel that ordering food online is indeed time saving.

6) Is ordering food online expensive than eating out?

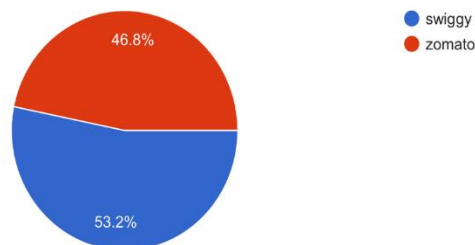
Ordering online is expensive than eating at the outlet.
94 responses



FINDING: Around 43.6% agrees with the opinion that ordering food online is expensive than eating at the restaurant.

7) Who provides more offers and discounts?

Which company provides more offers and discounts?
94 responses

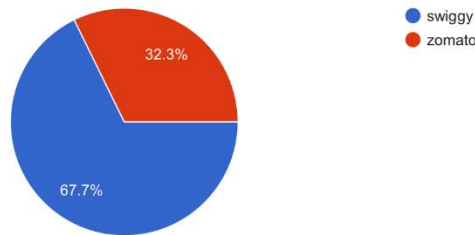


FINDING: Swiggy is observed to provide more offers and discounts.

8) Who provides wide range of variety?

Which company has wide range of menu?

93 responses

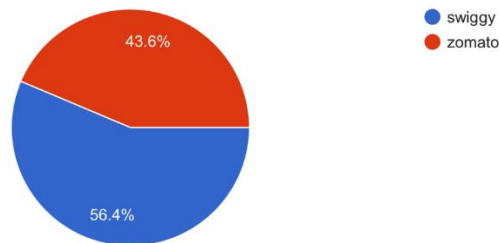


FINDING: Swiggy with 67.7% of votes, provides more variety of cuisines.

9) Who covers wider locality?

Which company covers more number of localities?

94 responses

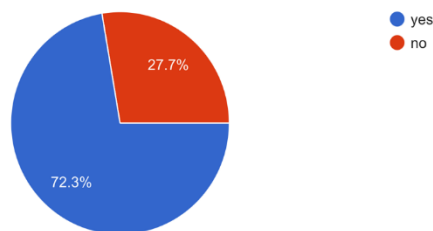


FINDINGS: The majority says that Swiggy covers more restaurants from various localities.

10) Do you think these companies charge a price that deceives the local food service providers?

DO you think the prices charged by these companies deceive the local food service providers?

94 responses

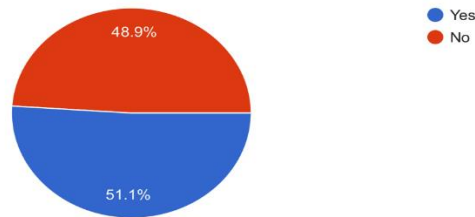


FINDING: Majority of people with 72.3% feels that the prices charged by Swiggy and Zomato deceive the local vendors.

11) Do you think these companies constitute an anti-competitive behaviour?

Do you think these companies constitute anti-competitive behavior ?

94 responses

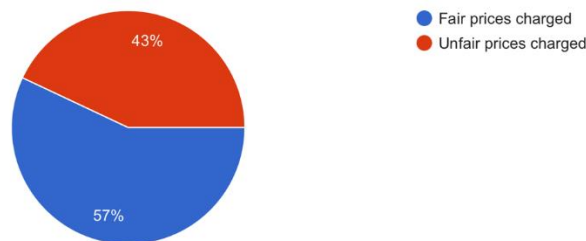


FINDING: 51.1% of surveyors feel that Swiggy and Zomato constitute an anti-competitive behaviour.

12) Do these companies charge unfair prices?

Do these food delivery companies charge unfair prices?

93 responses

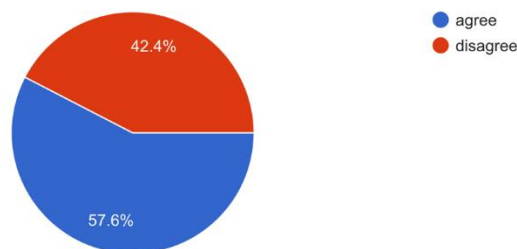


FINDING: 57% people feel that the charges imposed by these companies are FAIR.

13) Does these company exploit their dominant position to surpass other players in the market?

Do you think they abuse their dominant position to exploit other players in the market?

92 responses

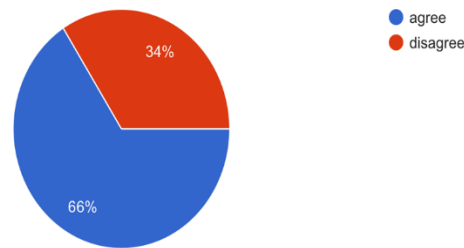


FINDING: Surveyors believe that these two companies abuse their dominant position to outstanding their competitors.

14) Do you think these companies spoil healthy competition in the field?

Do you think they spoil the healthy competition between various food service providers?

94 responses



FINDING: 66% of Surveyors feel that Swiggy and Zomato spoil the healthy competition in this sector.

VII. MY ANALYSIS ON THE OUTCOME OF THE SURVEY

From the above survey, I could evidently find that SWIGGY has been the most favourite and most used application among various other food delivery companies.

It is also important to note that the difference out votes between Swiggy and Zomato are very less and that Zomato has equally been ruling the food delivery sector. Zomato is only a few votes behind, and in real numbers throughout the nation, Zomato can even have the chance of surpassing SWIGGY in various aspects.

When it come to the services provided, while comparing Swiggy and Zomato, from this survey, Swiggy have had a clear win over Zomato. It is believed that Swiggy provides more offers and also covers various localities by providing wide range of variety of cuisines that people enjoy more than Zomato.

When it comes to the anti-competitive behaviour of Swiggy and Zomato, people feel that these companies charge price that is costlier than what the restaurant provide and as a result they hold a dominant position in the market and abusing their position. They spoil the healthy competition and deceive the local vendors. Hence through this survey, it is found that the surveyors have similar point of view as to the restaurant's union in earlier case that these companies constitute anti-competitive behaviour.

VIII. LIMITATION

Due to the lack of time this particular research study was restricted within a limited sample frame. A large area was unable to be covered and only within the ambit of my pursuance around 94 responses were collected. These results are not conclusive and final in nature. It is just a small sample of people who uses the platform and their opinions, this doesn't not constitute an

accurate outcome in whole as it doesn't not cover a large part of the population using the application.

IX. CONCLUSION

In conclusion, this research paper has explored the comparative analysis of the business and functions of SWIGGY and ZOMATO. Various aspects like the history and development of these companies and through the survey the impact of these companies created within the surveyors were evaluated and depicted in a a descriptive manner. As a result of this survey, Swiggy emerged to be the most dominant player in the market.
