

Online Food Tech Industry: A Potent Source of Employment Generation in India

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ABSTRACT

Generation of employment is a biggest challenge for almost all economies in the world but its most delicate issue for growing economies like India, Bangladesh, Brazil, South Africa etc. It was found that because of busy life style in developing and developing economies online food tech industry has emerged as a major source of employment in these countries. This industry is characterized by an extremely high labour requirement at every stage- from procurement to delivery. India's online food tech industry saw a massive growth rate in terms of the number of daily orders, grew consistently at 15 per cent on a quarterly basis from January to September 2017. It witnessed a 30% jump in daily order handling in the first quarter of 2018 against the previous quarter. It is expected that About 560,000 people are to be employees in the online food tech industry by 31st March 2020 compared to 500,000 currently.

This research paper attempts to find out sustainability of Indian online food tech industry through analysis of employability and different opportunities from the industry.

Keywords: Online Food Tech Industry, Sustainability, Zomato, Swiggy, Restaurant, Customers, Food Delivery, Online Food Service

INTRODUCTION

Cooked Food is older than civilization. The first hunter-gatherers were seeking for food 2 million years ago. It is a constitutional need of human existence and now food is one of the most important parts of the global economy and is estimated to be about 20 %of global GDP. A few years back, we never imagined that food, medicine, and other similar services will be available on mobile phone. As today people do not have time to go to the restaurant, medical shop or they do not want to go therefore scenario has been changed. Whatever may be the reasons, the online demand and deliver have become an important part of our lives. This sector has revolutionized the way the entire food industry is viewed as consumers now have the privilege to choose from a wide variety of cuisines, anywhere, anytime from a range of restaurants listed online. Moreover, customer flexibilities in form of various payment options like the internet banking, digital wallets and cash on delivery have further enhanced the convenience of all consumer categories.

The growing urbanization with easy access to smartphones has accelerated the growth of online food delivery system. The year 1996 emerged as a situation changing year for global online food tech industry because in the same year McDonald, Pizza Hut, and Domino's followed by Subway, Barbeque Nation etc. started their restaurants. The year that followed, there has been huge growth in the number of food start-ups. Currently, Indian online food tech industry is worth around \$ 1500 million and it is expected to reach between \$ 2500 to \$3500 by 2021.

LITRATURE REVIEW

(Setffano Korper & Juanita Ellis, 2001)

Authors revealed different case studies of successful e-commerce start- ups and individuals those who are ruling over e- commerce industry.

(John Wong & Seok Ling Nah,2001)

Focusing on China's promising Internet and e-commerce industries, this book presents the historical development, current market status and future growth, as well as discusses the problems and issues facing the two sectors.

(Kornum & Bjerre, 2005)

The book discusses that few companies can make profit in the e-commerce sector, thus it is important to identify the main cost drivers of the business and address the question of how to balance the needs expressed by consumers and the resources used by a firm as a consequence of these generated needs”.

(Hall, 2008)

His research based on a survey conducted in 2008, which revealed that internet is a core medium to almost sixty-five percent of food serving companies which were engaged in selling specialty food.

(Morley and Parker, 2010)

The authors acknowledged that online retailing in its various forms, including retailing of food and grocery products is considered to be a component of e-commerce.

NEED OF THE STUDY

The researcher has drafted the present research paper with a view to throwing light on the sustainability of the online food tech industry and studying it as a possible opportunities of employment generation and also various challenges to online food order industry.

OBJECTIVES OF THE STUDY

This paper tries to seek following objectives

- 1) To find sustainability of online food tech industry.
- 2) To elaborate various opportunities of employment from online food tech industry.
- 3) To find significance of online food tech industry in the development of an economy.
- 4) To analyze challenges of online food tech industry

RESEARCH METHODOLOGY

The research paper is based on the secondary data collected from different books, articles published in different journals, Reports, Research papers and websites and it is conceptual and descriptive in nature.

ANALYSIS OF SECONDARY DATA

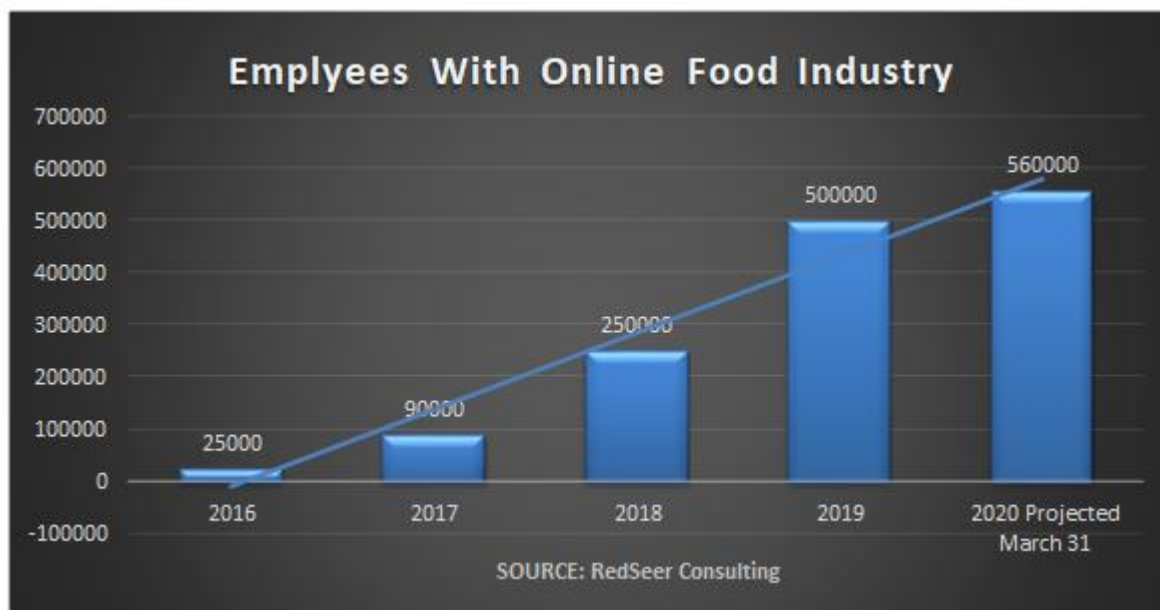
Unemployment has been considered as one of the biggest socio –economic problems of India hindering India’s rise as global super power. Today we have disproportionate class of higher education population setting for lower class expectation. The Periodic Labour Force Survey (PLFS) of the National Sample Survey Office (NSSO) showed unemployment’s at a 45 year high of 6.1 per cent and urban unemployment still higher at 7.8 per cent. With the working age population scheduled to rise by 96.5 million during 2021-31 and by 41.5 million during 2031- 41, the coming days would see the pressure on jobs creation at an alarming level. With regular employment opportunities shrinking both in the Government and the private sector, the role of online food tech firms namely Swiggy, Zomato, Uber eats etc. become very significant for the development of the economy as these firms having potential for generation of employment opportunities.

The changing lifestyle of the Indian people, easy access and quick home delivery etc. are dramatic enough to be favourable for the online food order industry to grow at higher rates. The increasing population congested metro cities and longer travel times are favourable agents for the convenient, ready-to eat and cheaper options of having food delivered at your doorstep. Companies that are aware of the huge potential for growth may venture straight in, but only the fittest will survive. Businesses who keep their value proposition and their brand active in the minds of the consumers, will take the biggest share of the Indian online food industry. Niti Aayog chief executive Mr. Amitabh Kant claimed that Ola and Uber alone have created 2.2 million jobs since 2014 in India. Having no earnings while preparing for competitive exams like the IAS or burdened with the responsibility of providing for their family, unemployed youth are making a beeline for online startups such as Ola, Uber, Swiggy, Food panda and Zomato, which have made it possible for them to earn quick money. The job of a food delivery boy, especially, is quite lucrative, as one doesn’t need any major qualifications.

Swiggy is the market leader in the food aggregation space, clocking roughly 6 lakh daily orders, while Zomato is close to 5.2 lakh daily orders. Uber Eats has managed to fall Ola’s Food panda with about 3 lakh daily orders, while the latter sees close to 2.5 lakh orders per day through its app and website. In 2019 alone, Swiggy and Zomato have launched operations in 185 and 300 towns and cities, respectively. For Swiggy, the new cities form 15% of its business, while for Zomato non-metros contribute 40% of the order volume. In October 2019, Food panda launched its delivery service in 30 new cities, taking its total to 50 cities across India. It is considered that by the end of 2019, the food tech platform has delivered food items in 100 cities. Food panda was acquired by SoftBank-backed Ola in December 2017. At the time, the cab addressing platform announced that it would invest \$200 million in its food aggregation business. However, Ola’s competitor has turned out to be a formidable rival in this space. Launched in May 2017, Uber Eats set its eyes on customers in the underserved markets and lured them with hefty discounts and first-order offers. At present, Uber Eats is available in 37 cities in India and Southeast Asia, and claims to be growing by 50% month-on-month.

Years	Employees	Most jobs created area
2016	25000	Tier I cities
2017	90000	Tier I cities
2018	250000	Tier I& Tier II
2019	500000	Tier I ,II &III
2020 Up to March	560000	Tier I,II&III

Source RedSeer Consulting

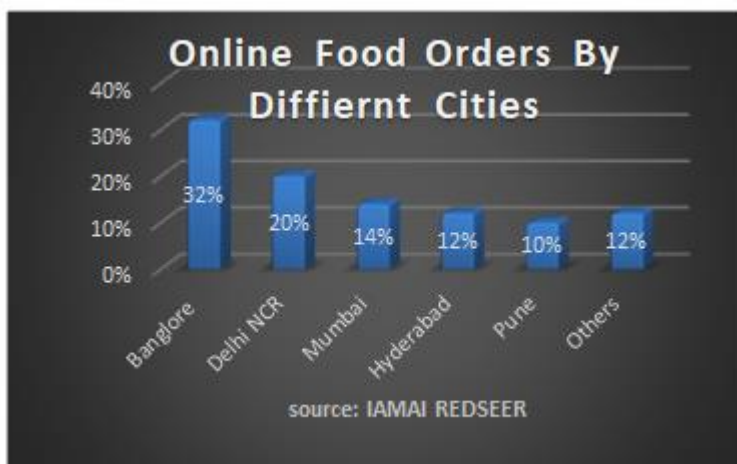


The Indian food services industry is characterised by an extremely high labour requirement at every stage—from procurement to delivery. Above table and graph clearly indicates that since year 2016 employees with online food industry are rapidly increasing. Around 560,000 people are likely to be part of online food delivery by March 31 2020, compared to about 500,000 currently. Indirect employment affiliated to online food industry will generate enormous jobs between 2017 to 2022.

FUTURE PROSPECTS

The future of the online food delivery sector in India can be assessed from the high investments pouring in for the big players Zomato and Swiggy, which have received huge investments from foreign investors. Zomato’s valuation reached \$1.1 billion with \$200 million investment from Ant Financial. The investment is

expected to boost its technology and expand its foothold globally. On the other hand, Zomato's close competitor Swiggy is not far behind with the latter raising funds from Chinese e-commerce company Meituan-Dianping and its existing investor Naspers worth \$100 million. This will strengthen its market position, new services and product offerings. Additionally, the food delivery firm Foodpanda entered a \$200 million deal with Ola, which acquired Foodpanda's India operations to help it grow domestically.



Currently, the revenue generation is concentrated in a few big cities. According to the RedSeer analysis, the top 5 cities throughout India contributed more than 85% to the overall food orders volume (2017), with Bangalore leading the way with 32% shares, followed by Delhi NCR with the share of 20%. The graph depicts the share of the top 5 cities for online food orders in India. Bangalore, Delhi NCR, Mumbai, Pune and Hyderabad contributed approximately 40% to the gross merchandise value of the Indian e-commerce industry as a whole.

CONCLUSION

The Indian food services industry is characterized by an extremely high labour requirement at every stage- from procurement to delivery therefore it has an immense potential to elevation of employment in the country. It has been expected that about 560,000 people are likely to be a part of online food delivery by March 31 2020, compared to 500,000 currently. If government promote this industry with fair rules and regulation then this industry might produce more employment opportunities and can become blessing for the development of Indian economy.

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