
Content, Communication and Crisis Management: A Case Study on Zomato

Dr Rusha Mudgal*
Dr Pooja Rana**

Abstract

Keywords:

Zomato,
Online Communication
Strategies,
Crisis Management,
Food Delivery Apps,
Social Media.

Online food delivery portals and applications have changed the way people select and order their food. The advancements in technology and easy availability of the internet and smartphones paved the way for online food ordering services. It was a concept unheard of in India, when the founders of Zomato decided to create a platform where people could conveniently browse through food menus of different restaurants, order online and get the orders delivered at their doorsteps. It was on a random afternoon when Mr Pankaj Chaddha and Mr Deepender Goyal noticed a long queue of people to glance through the menu card and order their lunch. This got them thinking and eventually resulted in the inception of Zomato – that time called Foodiebay.

Since its inception in the year 2008, Zomato has grown exponentially. It started as a food directory which instantly gained popularity in Delhi NCR. And within 9 months the website gained popularity in other cities like Mumbai, Kolkata, Chennai, Bengaluru. In 2012, Zomato went international with its presence in many countries like UAE, UK, Sri Lanka, Philippines etc. Zomato steadily kept increasing its customer database and also ventured into online table reservation, finding nearby restaurants.

However, Zomato has also undergone its share of crises. But be it because of its unconventional communication or other practices, Zomato does not shy away from communicating with different stakeholders. Zomato's communication has never held back from responding and reaching out to their customers and community. Today Zomato has over 119 thousand restaurants against 43 thousand restaurants in 2019. Zomato has all the necessary elements that makes it a successful case to be explored. Apart from crisis management, it also has been able to strike the right chord with the sentiments of Indian customers by connecting with them at an emotional level. This case study delineates the journey of brand Zomato – an Indian entrepreneurial venture – and analyses the communication strategy adopted by the brand especially while managing any crisis situation. The paper also studies the measures adopted by Zomato to emerge as a stronger brand as the country grappled with lockdowns and other restrictions during the Pandemic. Based on the broad framework provided by the Situational Crisis Communication theory, the researchers have undertaken the evaluation using SWOT analysis to cover all aspects of the journey of Zomato so far.

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Author correspondence:

Dr Rusha Mudgal, Assistant Professor,
Amity School of Communication, Amity University Haryana
Email: email@gmail.com

*Assistant Professor, Amity School of Communication, Amity University Haryana

**Professor, Amity School of Communication, Amity University Haryana

1. Introduction

Online food delivery services in India have garnered a lot of attention in recent years. This is partly due to the increase in internet penetration in the country and strategies used by the online food delivery platforms to expand their customer base. This has opened vast options for people to not only choose the type of food but also choose and compare restaurants they want to dine-in, based on various reviews and ratings. Among most prominent online food delivery services, Zomato has emerged as a popularly recognized online food delivery service and restaurant aggregator. The success of Zomato is often credited to its strong online communication strategies using content that is well-received and widely shared by the target customer base. Zomato has also set a benchmark for its communication strategies during crisis situations. To this end, this study explores interesting features of Zomato as a brand to understand its strengths and weaknesses.

Objectives:

To study Zomato's growth since its inception to recognize the factors that contributed to its success.

To study the communication strategies and content used by Zomato to stay upbeat among its target group.

To examine the methods employed by Zomato to handle a crisis.

To explore different aspects of Zomato using a SWOT analysis.

2. Research Method

The researchers employed a case study method to meet the above stated objectives. The framework involved analysing events, situations, communication strategies, SWOT analysis and applications of Situational Crisis Communication Theory.

3. Results and Analysis

Journey of Brand Zomato

Pankaj Chaddha and Deepinder Goyal launched Zomato under the name 'Foodiebay' in the year 2008 (Gupta M, 2019) as an online restaurant directory for the people of Delhi. Within nine months of its inception the venture gained popularity and was known throughout the country. It became the largest restaurant directory in Delhi NCR and from there it extended to Kolkata, Pune, Bengaluru and Mumbai. In 2010 their user base increased enough for the founders to bring in investors and the venture became international. Thus, 'Foodiebay' was reborn as 'Zomato'. In the next few years, Zomato witnessed a burgeoning presence in the business. This can be associated with the fact that it expanded its presence over different states as well as countries. The organization's presence expanded abroad in the UK, Sri Lanka, the Philippines, South Africa, Qatar and UAE. By the year 2013 Turkey, Brazil and New Zealand were also added to its list. Bracing the challenges in international markets, Zomato worked on its technology. It made use of the prevailing trends and launched its app for smartphones. The company made rigorous efforts to get a strong foothold globally, so it went on to acquire some of its competitors. In 2014, it took over Gastronauti, a restaurant search service based in Poland and Cibando, an Italian restaurant finder. Soon after this in 2015 they acquired another US-based restaurant table reservation platform, NexTable and Urbanspoon after this. The venture faced issues post 2014. The rebranding of an acquired venture, Urbanspoon failed miserably and they had to lay off as many as 300 employees. By the year 2016, they had to withdraw operations from US, UK, Brazil, Chile, Sri Lanka, Canada, Italy, Slovakia, and Ireland due to increasing losses in the business.

Zomato worked on increasing its customer base and its business of food delivery. Working on its delivery model, Zomato charges commission from restaurants which varies according to the number of orders. When the users pay the fee, it is split between the company and delivery partners.

As Unicorns (unlisted start-ups) which are valued privately almost above a billion dollars are growing in numbers and are booming in the market, Zomato, which is India's biggest food delivery service, also issued its shares to the public and was largely oversubscribed (Aiyar, 2021). This helped in positioning Zomato among the business giants. It spearheaded the involvement of digital wallets and then diverged into various fintech niches. Zomato has made payment gateways very convenient, which makes it convenient to order anything one wants by just looking beyond the restaurant reviews on their smartphones (C. Parthik, 2021). Today, Zomato exists in almost 24 countries and is offering its services to over 100 million customers from more than 10000 cities. Technology convergence of mobile phones and internet access has caused significant shifts in consumer awareness, outlook, expectations and their buying behaviour (Jaisani L, Godbole P, Sharma A, Nag S, Malik R, Malhotra D, et al, 2018). The rising curve of Zomato encountered hurdles at times due to its quirky online responses, its unconventional advertising or some failures in its acquisitions.

Zomato has been able to pass through these hurdles due to its innovative communication strategies that could connect with the public sentiments.

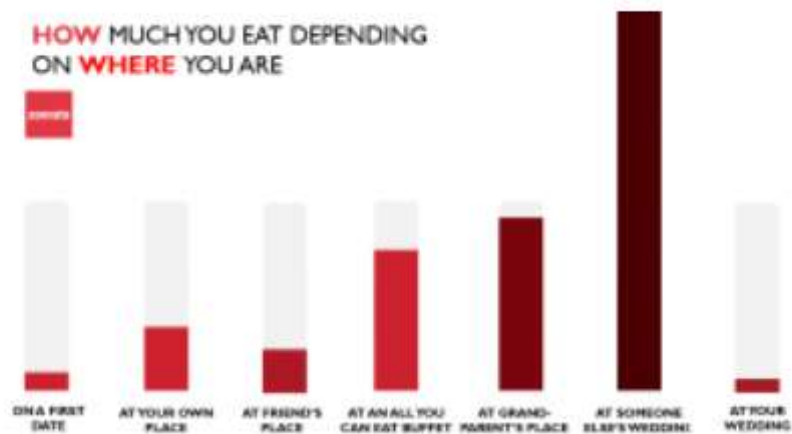
Zomato's Branding Strategies

Zomato's social media team has been actively posting creative content on trending topics and responding regularly. This is what has helped them to stay connected and expand users. Their clear philosophy and communication strategies contribute to its positive image among the users.

Zomato is popular for its content which is largely appreciated and shared by people. This gives them more visibility among the target groups and reflects strong brand position and brand image. The strategic significance of brand positioning has been presented by Kotler (1994) who places positioning in his STP concept (Segmenting, Targeting, Positioning). This can be viewed in the pattern in which Zomato functions.

Targeting and Segmentation - Zomato's target audience includes people between 18 to 35 years of age who have access to smartphones and are comfortable in using apps. (Shastri, 2021). They have reached the target segment where working professionals want food to be delivered at their doorstep and also dine out, for which Zomato offers desirable services.

They use light and relatable infographics that the audience can relate with.



They also target current/ trending topics in news, this adds to the better retention in the minds of the target group.

Current Affairs-



Relating with the elements of timing of sharing relevant content according to festivals, seasons etc. they share things that bring humour appeal.



Connectivity with the audience- They also connect with the target audience through titles of popular shows. They understand the use of robust branding strategies to involve shows that are most talked-about so that their content trends among the users.



Social media marketing has shown great impact by distributing merits and demerits of media techniques on Zomato (Dhakai, 2019). Their ad campaigns are creative and catch audience attention. They also put efforts in Search Engine Optimization and attract organic traffic using organic keywords. Zomato uses Google Adwords, targeting keywords related to food, online food ordering, restaurants, and targeting users

who are looking for ordering food online. It uses social media platforms like Twitter, Facebook, Instagram and likes to target users through it. Only 2% of its total revenue comes from online food orders. While restaurant advertising contributes to 72%. ("Zomato Digital Marketing Strategy - Naukri Learning", 2022)

Brand Positioning- Zomato has positioned itself as a platform that brings restaurants, suppliers, consumers, food suppliers, and logistics partners together (Bhasin, 2019). Zomato targeted itself among the youth to become their most preferred option before ordering food or going for dine-in. With Zomato sharing ratings and reviews, it became mandatory to check these everytime whether ordering food or eating out. The company which was primarily known for restaurant reviews gradually expanded into other areas of foodtech business like online ordering and delivery of food, table bookings, and developing applications software for managing the operations of restaurants (Prashant Raman, 2018). A study reveals that online reviews and star ratings available on Zomato significantly impact the willingness to purchase (Vaishnavi Vajjhala&Munmun Ghosh, 2021).

Zomato uses its blog as its mouthpiece to share all the updates. They advertise, give discounts on food ordering and cash backs that attract the consumers.(Ranjani S Shukla, 2019).

Key parts of their strategy are- creating attention grabbing content using images and graphics, using current affairs like controversies, crisis situations, current news in the content. They have been able to engage customers and provide them with personalised customer service, making use of debatable content to attract attention and crisp social media posts.

Communication Strategies adopted by Zomato During Crisis

To understand the communication strategies adopted by Zomato during a crisis, researchers have referred to Situational Crisis Communication Theory (SCCT). It provides a framework for understanding how crisis communication can be used for protecting reputational assets during a crisis. SCCT identifies how key facets of the crisis situation influence attributions about the crisis and the reputations held by stakeholders (Coombs, 2007).

This section looks at some of the crises managed by Zomato.

1. **Security Breach-** A major setback that had put Zomato's reputation on stake was the cyber attack in 2017. A hacker had breached into the data of almost 17 million users. This became one of the major data breaches in the year 2017. Zomato addressed the issue through a blog on their website. Among the data points which were accessed by the hacker for almost seventeen million users, were information about names, emails, numeric user IDs, usernames, and password hashes (Goyal, 2021). The password hashes leak was a bit intrinsic as it had an effect over a segment of almost 6.6 million users. Most of the other users who were operating Facebook/Google for login shared that they did not have any password related information for those accounts. The hacker further listed these data points on a dark web marketplace and the company had to negotiate.

Zomato's Response to Security Breach- The official blog of Zomato explained the repercussions of the entire incident making the entire incident transparent for their target group. Zomato followed the issue with an active response and could reach the hacker. The hacker was actually a security researcher and did so to get the company's attention. He urged the organisation to initiate a good bug bounty program and confirm that security researchers would be appreciated and rewarded for their work. After the communication, the hacker shared the database with the organisation, took the sales link down and admitted to removing the data.

What worked in their favour was the clear communication strategy even with the hacker to get an insight into his motive and finding quick solutions. Zomato did not hold back from accepting the security breach and addressing the issue. Another response that worked well was the clear and transparent communication of the incident with details like how the hacker accessed data, what parts of data were revealed and how it helped them improve their security measures.

2. **Bhopal Man Cancels Order Citing issues with a Non-Hindu Delivery Executive**

A resident of Bhopal refused to accept a delivery from Zomato and requested to cancel it as the delivery executive belonged to a different religion. A screenshot of this chat was shared by the customer on social media. In this chat, he could be seen requesting to send another delivery executive because it was the Hindu religious month of *Shravan*. As the aggrieved customer's tweet started trending and more and more social media users counteracted his sentiments, Zomato once again quickly sensed the public sentiments and addressed the issue. Known for their strong online communication, with this controversy Zomato held strong

grounds in which they clearly announced that they would not support any discrimination on racial grounds and tweeted "Food has no religion, Food itself is a religion."



It was further supported by their founder, Deepinder Goyal.



The company's tweet gained a lot of appreciation and the founder's response was also retweeted and appreciated by renowned ministers of India. It was very much appreciated by the netizens and people were calling out the customer for such discrimination. Through this response they were able to connect with the sentiments of the customers and had also gained attention from potential customers. This communication of the company gave them recognition and respect. The fact that they highlighted the diversity in the Indian community and were aware that they might be losing some business due to their strong stand on the issue, garnered a lot of recognition for them.

3. Mentioning Jhatka-Halal options on App:

Soon after the above-mentioned controversy where Zomato made a strong statement by announcing 'food is a religion', another crisis brought the organisation in the news. The controversy came to light when netizens started pointing out that Zomato was listing restaurants serving halal food options. A question was raised by many people on social media platforms, that on one hand Zomato had taken a strong stand by not mixing food and religion but on the other hand it was listing different food options according to choices based on religious beliefs.

Zomato's Response- In Zomato's response to this controversy, they pointed out that the *Halal* tag was added as the restaurants sought segregation and the food delivery app functioning as an aggregator. "Restaurants (whether a Muslim establishment or otherwise) serving meat specifically obtain halal certification by an all-India body. Again, we play no role in this categorisation as we only seek proof of authenticity when a restaurant claims to serve halal food. FSSAI licence is mandatory. Halal certification is voluntary," Zomato explained in its statement. ("Halal or jhatka?...", 2021)

Zomato used the opportunity to state the facts as per the rules of regulatory bodies. Making use of appropriate communication strategies, Zomato brought their side of the story as well. It handled the sensitive issue in a tactful manner and didn't contradict their previous statement.

4. Zomato Bengaluru Controversy

On March 10, 2021 a social media influencer, Hitesha, shared a video and accused Zomato's delivery executive, Kamaraj of assaulting her over an argument due to late delivery. Soon after this there was an alter claim by the delivery executive alleging that it was Hitesha who had abused and assaulted him.

Zomato's Response- The organization took some time to respond while this news was being largely discussed on social media. The Founder, Deepinder Goyal published an official statement on Twitter sharing the action taken regarding the incident. He stated that they were taking necessary actions and supporting the investigation as they wanted the truth to surface. He also added that they were covering medical expenses for the appellant, Hitesha and helping her with the legal proceedings; as for Kamaraj, following the protocol he was temporarily suspended until the proceedings were on and the company was covering the legal expenses for him until the legal proceedings were on. The founder's response was well received by most of the netizens. It was a wise decision to share the official statement through Twitter. Given the limitation on the number of characters, it was shared as an image because the information was long. The official statement made the legal aspects clear as the accused delivery partner was suspended and the organization was assisting both the parties involved with legal matters. It can also be understood from the statement that it was aimed to be an unbiased approach emphasising on uncovering both sides of the story. A background of the delivery executive was also shared to convey that he had good ratings from the past customers. Through this approach Zomato made an attempt to put forth an unbiased response on the incident and highlight both sides of the story. They also provided subtle descriptions of the delivery executive's positive reviews by the clients, this brought public attention to his side of the incident. It was observed that due this there was a soft spot in the public for the delivery executive as some of the celebrities also Tweeted in his support.

Right from the get go, our topmost priority has been to get to the truth. Towards that, we are helping both Hitesha and Kamaraj (our delivery partner) with all the support they need while the investigation is pending. We are also assisting the police in whichever way asked.

We are in constant touch with Hitesha, covering her medical expenses, and helping her with the proceedings.

We are also in constant touch with Kamaraj, extending all possible support to make sure both sides of the story come to light and that due process is followed in the spirit of fairness.

As per protocol, we have temporarily suspended Kamaraj from active deliveries, but are covering his earnings in the interim while there's an active police investigation. We are also covering his legal expenses pertaining to the case.

Also, for the record – Kamaraj has made -5,000 deliveries for us so far, and has a 4.75/5 star rating on our platform (which is one of the highest), and has been working with us for 26 months now. (these are facts, not opinions, or inferences)

I thank all of you for your concern and hope to get to know the truth as soon as possible.

zomato

SWOT Analysis

These controversies came as tough challenges for a relatively new company, but they also gave ample opportunities for the company to gain attention in the public sphere. Zomato did suffer staggering losses and

employees were also laid-off but they continued to evolve despite the challenges. Overall Zomato has come out stronger with adverse situations. It

utilizes in vogue subjects and posts direct pictures in order to work together with watchers on the web. Here, using a SWOT analysis different aspects of the brand are discussed.

Strengths- Zomato possesses a strong global presence with services in almost twenty-four nations. The online presence of Zomato sets an example of creating interesting online content which gets user attention and they respond and share it further. Quick and quirky content of the user-friendly app, attracts the target group through innovative visuals, graphics, texts, and short videos/ Reels.

It started contactless dining, encouraged cashless payment and food takeout services to prevent spreading of COVID-19 and provide confidence in restaurant partners, customers and delivery personals (Kiran Raj and Nandha Kumar, 2021). As a brand, Zomato has established a recall value, recognition and reputation. With their strong presence on digital platforms, they have a wider reach. The company has made best use of its presence on social media, giving timely responses and updates whenever needed. They make best use of social media platforms in sharing innovative content using trending topics, which instantly strikes a chord with the netizens. The brand fathoms the group's disposition and creates content which makes customers share it, comment on it and view it repeatedly (Panigrahi, Saha, Shrinet, Nautiyal & Gaur, 2020).

Weaknesses - Strong competition from other food delivery apps and search engines could pose a challenge. The upcoming online food delivery apps also follow the same model and are beginning to succeed. It has also been observed that competitors like Swiggy have introduced new options like instamart and delivery of homemade food for people who wanted to support their loved ones during the lockdown but could not move out due to restrictions.

Opportunities- Rapid development in technology and increasing internet penetration in India, gives scope of growth to the company; the recent challenges that surfaced due to Covid-19 were utilised best by Zomato when they took strict measures to ensure safe delivery of food and safety of its employees as well. As a startup, Zomato has not only set an example in digital marketing but also paved the way for similar startups in India. It has made online food delivery convenient and accessible for people. It has also helped upcoming restaurants with the concept of cloud kitchens, which saved them from the procedures required to open an actual restaurant. Zomato is only built for food/restaurant discovery - Therefore, it has a very targeted audience. Most Zomato users buy a meal within an hour of visiting Zomato (Harshleen K. Sethi, 2021).

Threats- There is intense competition in the online food delivery services sector which could affect their business as customers have a variety of food aggregator apps options to order from. The business model is easily replicated by the competitors and that adds to more competition. This also leads to a saturation point in the growth of their business.

4. Conclusion

As a brand, Zomato stands strong due to its robust communication strategies which include innovative content that is most liked and shared among social media users in comparison with other online food delivery apps. To handle crisis situations, Zomato has its well-structured response actions for communicating through different crisis situations. It has not only been able to connect with the users through its crisp and quirky content but also offered them a variety of services and customer satisfaction as well. Applying suitable segmentation and positioning, it has been able to excel and stand apart from its competitors. They worked on the segmentation of target customers and positioned themselves as the most convenient option for the ordering food or reviews of restaurants. Zomato being among the first few online food delivery businesses changed the dynamics for customers who wanted to dine-out or order-in as people started looking for reviews. Zomato has always tried understanding the public sentiment and became the flag bearer for clear and transparent communication. It has built a reputation where it doesn't shy away from taking a stand during any crisis. This has gone well with netizens and in turn increased their engagement and customer base. Zomato's straightforward, transparent and direct communication are the USPs of its communication strategies specially during crises.

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