# How can Zomato expand to a new vertical to cater to the dynamic needs of urban users whilst generating revenue feasibly?
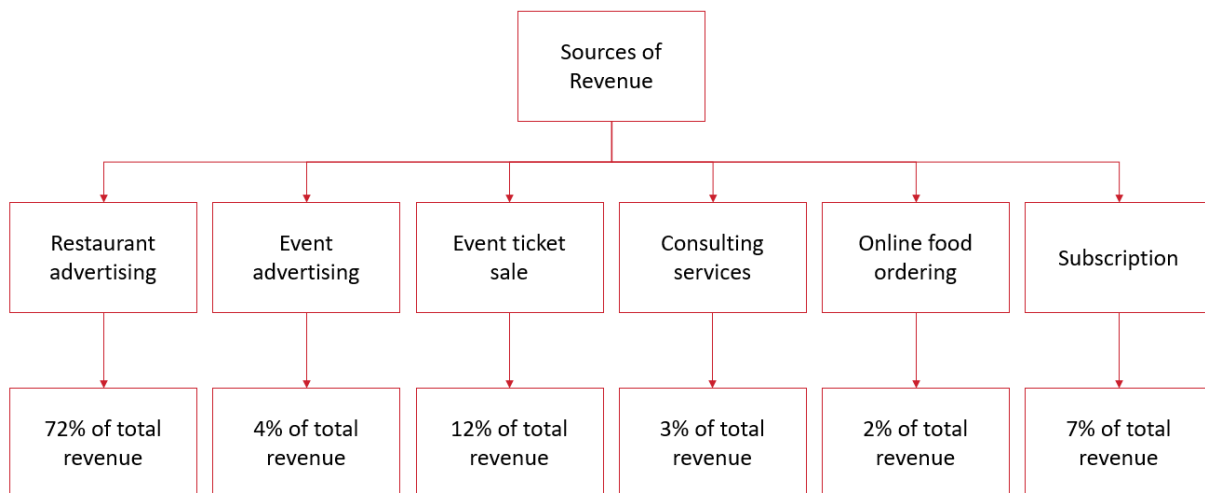
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# 1. Zomato's Mission and Vision

**Mission:** "better food for more people."

**Vision:** Zomato's vision is to be the global platform when someone is looking for food locally - Pankaj Chaddah, co-founder & COO, Zomato.

# 2. Current verticals of Zomato

Zomato currently gets its revenue from 6 different sources:

| Sources of Revenue | | | | | |
|---|---|---|---|---|---|
| Restaurant advertising | Event advertising | Event ticket sale | Consulting services | Online food ordering | Subscription |
| 72% of total revenue | 4% of total revenue | 12% of total revenue | 3% of total revenue | 2% of total revenue | 7% of total revenue |

# 3. Problem Statement

Seeing how fast the needs of users are changing, it is very important for Zomato to think of other verticals it can *expand* to such that it is meeting the founders' mission and vision and growing sustainably. It should be able to cater to the users' needs while generating *one more line of revenue* and becoming better than its competitors. The idea is to expand to places which includes food (Zomato's vision) and which will solve user problems.

# 4. Solution

The one sector that hasn't yet stepped into the digital world yet is ==*catering*==. The catering business largely runs through word of mouth from friends and families or past experiences.

**Catering**: Catering is the business of providing food service and cutlery at a particular site.

## 4.1 Why this solution

Below are some of the reasons that Zomato should go ahead with the feature of catering:

1. The estimated size of catering industry in India is Rs 15,000-20,000Cr and having an annual growth of 25-30 per cent.
2. The industry of catering is disorganized right now, there is no main player in the market. Hence, giving Zomato a great opportunity to tap this business to be a market leader and have the biggest market share if entered earlier (First Mover Advantages).
3. This will also create a chance to get more restaurants/cateres on Zomato's ecosystem.
4. Zomato has already partnered with so many restaurants. A lot of them will already be having a catering service and would be happy to onboard. While, there might be a lot of restaurants who would like to upscale themselves and also have a vertical of catering in their business.
5. Since, Zomato already has 32.1 million MAU, they can leverage their existing user base for the catering vertical, hence, increasing ==***Revenue and LTV***==. Though, catering is of low frequency use but the commission here would be high because the average catering cost would be priced higher than average cost of normal food/grocery orders. (Revenue and gross margin can be measured after testing the feature for few months)
6. This solution aligns with the vision of Zomato, that is to to be the global platform when someone is looking for food locally.
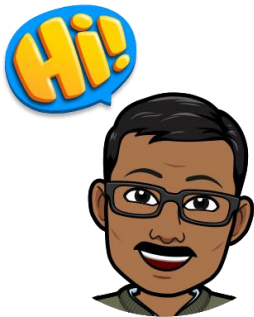
## 4.2 Details of the feature

| Feature Name | *Zomato Caters* |
|---|---|
| Description | It is a one-stop platform to fulfill all your needs when it comes to choosing and hiring a caterer |
| User Problem | - Do not have enough options to choose from due to lack of trust on second (friends & family) or third party (Internet) suggestions<br>- Not enough feedback about the caterer to know about their work commitment<br>- Irrelevant suggestions that don't match with the requirements of the users |
| Value Proposition | - Providing a wide range of caterers based on user interest and inputs that increases the engagement of the app |

| | |
|---|---|
| | - A platform to choose the best caterer as per the users needs out of all relevant suggestions hence increasing the conversion and revenue<br>- Provide a platform for caterers to digitalize their services and get more sources of revenue |
| Assumptions | - Feature will be first available for the users in Tier 1 cities<br>- There will be enough caterers (Supply)<br>- Caterers here mean both restaurants offering catering services and standalone caterers<br>- The supply of raw items will be fulfilled by the users (*Future Scope*)<br>- The transportation of catering equipments and supplies to the venue would be done by caterers (*Future Scope*)<br>- For taste sampling user needs to go to the location of the caterer (*Future Scope*)<br>- Caterers are allowed at the venue over and above the venue's in-house catering |
| MVP | - Offers a dedicated page where one can enter details like date, time, occasion<br>- Have ratings for caterers<br>- Show availability timings<br>- Standard Packages with menu and prices<br>- Getting a quotation on customized preferences |

## 4.3 Different User Personas

| User Persona | Identification | User Story | Pain Points |
|---|---|---|---|
| Adya<br> | - A Consultant in Deloitte<br>- 27 years old<br>- Gandhi Nagar, Bangalore<br>- Her marriage is 1 month away | Adya's marriage is just 1 month away and she needs to decide on a caterer for the event.<br><br>She works in an MNC, she has invited a lot of her friends from her company, her Indian and foreign clients and her family. She needs to find someone who can cater to her requirement for multiple cuisines.<br><br>She needs someone she can trust and wants to finalize everything on her terms and preferences. | - Don't have enough trust in caterers which she found online<br>- Wants the caterer according to her preference<br>- Doesn't have enough time to go and try every option due to her busy schedule |

| | | | |
|---|---|---|---|
| Nikhil  | - A manager in Apollo Tyres<br>- Lajpat Nagar, Delhi<br>- 40 years old<br>- has a 7-year-old girl child | Nikhil is married for 9 years and has a 7-year-old daughter. Her birthday is coming in 10 days and she wants to have a fancy party. She is as inviting her friends from school and colony.<br><br>Nikhil wants someone who can prepare fun food that kids will love such as aaloo tikki, samosa, pizza, pasta, etc.<br><br>Since he is a manager, he has a big connection circle and has contact details of many caterers on his cellphone but he doesn't have enough review about any one of them, as all of his friends have suggested to him the caterer they prefer. | - Needs fancy catering<br>- Needs caterers who can prepare Indian fast food and Italian fast food<br>- Have a lot of options but not enough reviews on each of them so not able to finalize one amongst the many |
| Prashant  | - Small kirana shop owner<br>- Dadar, Mumbai<br>- 35 years old<br>- Dad getting retired | Prashant's dad is retiring at the end of this month. He has asked Prashant to get a caterer for his retirement party. Having a meager source of income, Prashant needs to fit the caterer for the party in his limited budget.<br><br>Since he doesn't have a big connection circle he is having difficulty in finding a caterer. He can do with not having much variety in food options, but he cannot compromise on the taste and quality of the food. | - Doesn't have a big connection circle to find relevant caterers<br>- Don't need much variety in the menu, but the food quality should be extremely good<br>- Needs to fit a caterer in his limited budget. |

## 4.4 User Journey

[An Indian wedding catering costs 3-5 lakhs on average](#). Zomato will take a commission from caterers and the highest revenue and profit will come from wedding caterers, due to the high average catering cost. Thus, Adya would be an apt persona for the user journey since she is looking for a caterer for her wedding.

i.      Adya's wedding is just a month away. She is worried about how will she be able to finalize a good caterer in such a limited time. She got to know from an Advertisement that Zomato has recently launched a new vertical called '*Zomato Caters*' which helps users find many caterers and finalize. She is excited to check this out as this will solve her problems. She quickly clicked the advertisement and it opened the app on her phone.
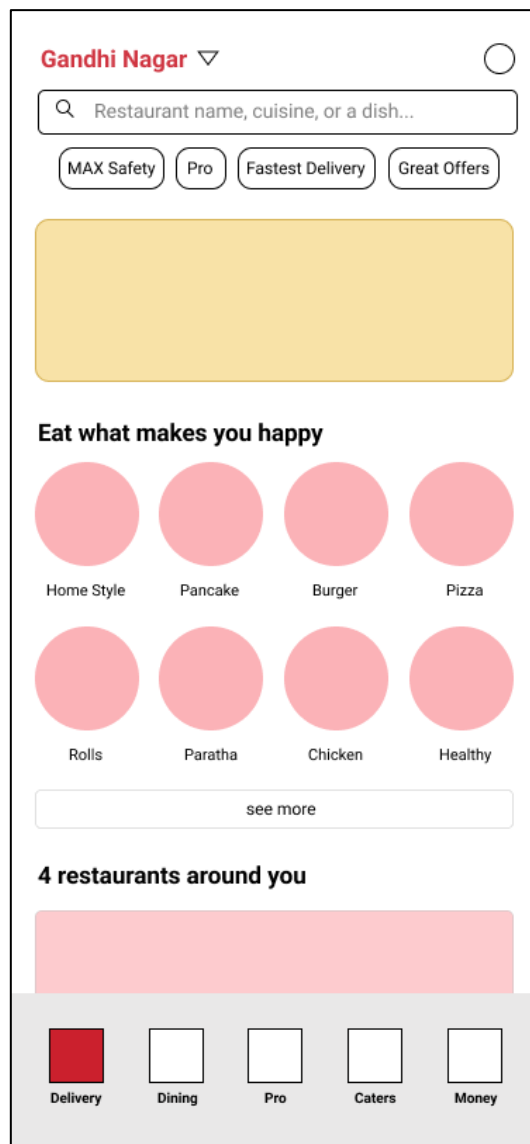
ii.    She clicks on the new *Zomato Caters* to check it out.



**Zomato Caters**

short description of zomato caters

**Enter your requirments**

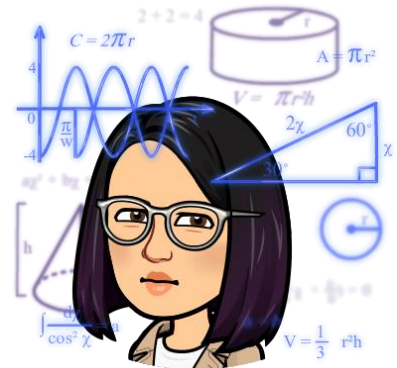| | |
|---|---|
| **Date** | 19/02/2022 |
| **Time** | Morning   Afternoon   Night |
| **Number of guests** | 1500 |

**SUBMIT**

Delivery    Dining    Pro    Caters    Money

iii.     She submits her details to move to the next page.

**Zomato Caters**

Sort ▾     Budget ▾     Cuisine ▾

**S S Celebrations**                    4.8 ★
*North Indian, South Indian, Chinese*        Rs.  7 Lacs

**Jai Caterers**                    4.7 ★
*Asian, North Indian, Desserts*        Rs.  5.5 Lacs
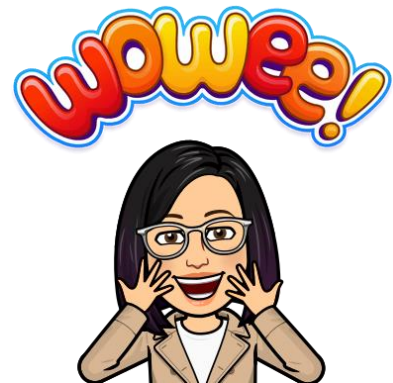
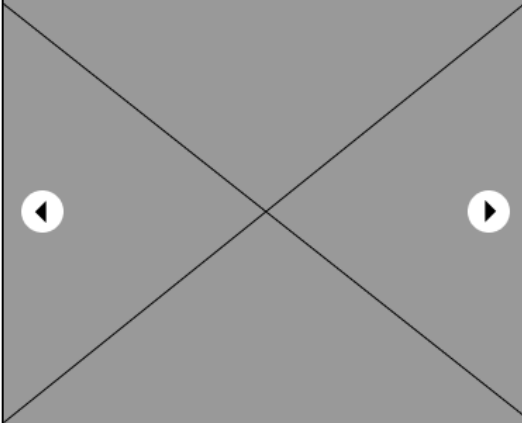**Raj Hotels Catering**                    4.9 ★
*Mocktails, North Indian, South Indian*        Rs.  9 Lacs

iv.     She was astounded to see so many options at her disposal. The feature of ratings allowed her to repose her trust in a caterer based on majority public opinion. She was also pleasantly surprised to find various filters to narrow down her options to find the best caterer as per her needs. She soon discovers Raj Hotels Catering which matched all her initial expectations. She instantly clicked to explore all the options that Raj Hotels Catering has to offer.

**Raj Hotels Catering** ★ 4.7 ⓘ

◀  ▶

**Recommended**

**Gold**                                    Rs 9 Lacs

Mocktails          North Indian        **5 Cuisines**
• Mojito           • Kadhai Paneer     **55 Items**
• All coldrinks    • Mixed Veg
• ...              • ...

Suitable if you prefer multi-        READ MORE
cuisine

**Packages**

**Silver**                                  Rs 7 Lacs

North Indian       South Indian        **3 Cuisines**
• Shahi Paneer     • Dosa              **30 Items**
• Mixed Veg
• ...

Suitable to meet all your basic      READ MORE
needs

**Gold**                                    Rs 9 Lacs
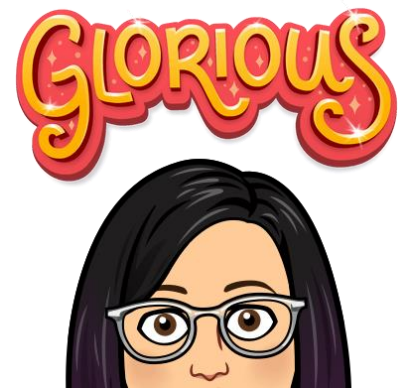
v.    She was delighted to find a caterer who can offer multiple cuisines. She clicked on the package to know more about different cuisines and dishes. She finds a sequential order of offerings under each sub-heading and is amazed by the variety she gets to choose from.

**Raj Hotels Catering**  ★ 4.7 ⓘ

**Gold**                                      Rs 9 Lacs

**Mocktails**
- Mojito
- Virgin Pina Colada
- Virgin Mint Lemonade
- Apple Fizz
- All coldrinks

**Starters & Snacks**
- Hara Bhara Kebab
- Paneer Tikka
- Mini Samosa
- Corn Cheese Balls
- Pani Puri
- Aloo Tikki
- Besan Chilla
- Dahi Bhalla
- Fruit Chaat

**North Indian**
- Kadhai Paneer
- Shahi Paneer
- Paneer Butter Masala
- Mixed Vegetables
- Mushroom Matar
- Bhindi Do Pyaza
- Chole Masala
- Pav Bhaji

CUSTOMIZE     Book Sampling Slot     RESERVE

vi.     She was quite impressed to see the exhaustive menu and decided to move ahead and book a slot for sampling. The sampling screen, like the other screens, is simple to navigate and she conveniently books her slot in a hassle-free manner.

**Book Sampling Slot**

**Raj Hotels Catering**

| Thu 27 Jan | Fri 28 Jan | Sat 29 Jan | Sat 30 Jan |

BOOK

CALL

ALRIGHT

vii.    She was feeling content and relieved that she could find a suitable caterer to try. She was thankful to have found a suitable caterer in the comfort and warmth of her house without having to undergo the cumbersome process of the physical and mental strain of searching for a caterer across the city merely for a word of mouth. In a matter of a few clicks, she booked a slot for sampling at Raj Hotels Catering as it was very close to what she needed. She is now waiting to taste the dishes and if it meets her expectations, she is going to book them for her wedding.



[Link to all the wireframes](#)

**4.5 Wins**

**A) Users**

1.  Users can now get ==*information*== about a huge variety of caterers that are available near their area. No more hassle and confusion of receiving lots of useless suggestions from all relatives and friends.
2.  Finding a caterer with specific ==*criteria and budget*== is just a few clicks away now.
3.  ==*Ratings of caterers*== and the brand name of Zomato itself will help build trust for users.
4.  Get an exhaustive menu of offerings as well as an option to ==*customize*== the package according to their need.
5.  Can effortlessly ==*book a slot*== that suits their schedule.

**B) Caterers**

1.  ==*Digitalize*== their catering business.
2.  Get one more source to get ==*revenue*== from.
3.  Build a good ==*online reputation*== backed by ratings of users.

**4.6 Risks**

1.  Caterers might face some discomfort in placing their details on the app since they are not that technically well-versed.
    – Customer Support executives can be assigned to help caterers onboard to the system.
2.  Shifting user's ideology to move from word of mouth to online catering would be tough
    –Devising advertising and marketing strategies that match the target audience to lure them on the platform

**4.7 Testing**

Some of the metrics that can indicate the success of *Zomato Caters*:

| Goal | Success Metric | Time frame |
|---|---|---|
| Growth | - % contribution of new users through *Zomato Caters* | 6 months |
| Engagement | - Number of People who booked a sampling slot / Number of people who filled the details<br>- Number of People who booked a caterer/ Number of People who booked a sampling slot<br>- Number of People who booked a caterer/ | 6 months |

| | Number of People who filled in the details<br>- Avg. number of caterers booked per month | |
|---|---|---|
| Revenue | - Revenue<br>- Gross margin<br>- % contribution of revenue through *Zomato Caters*<br>- % contribution of gross margin through *Zomato Caters* | 6 months |

## 4.8 Future Scope

If the feature is a success Zomato can undertake the following steps/features in the future:

- The supply of raw items can be fulfilled by Zomato
- The delivery of catering equipment and supplies to the venue can be managed by Zomato
- A sampling of catering services can be done at the comfort of one's house through a delivery
- Partnering with B2B to provide catering for their business events

# 5. Summary

This PRD is structured on exploring a brand-new vertical through which Zomato can **expand** to a zenith of success whilst generating revenue for the company.

Because the ***catering business*** in India is not yet digitalized, it is wise to leverage this lucrative business. The users of Tier-I cities can be the perfect target audience for ***Zomato Caters*** for all modern-day, dynamic catering needs.

This PRD takes into account different personas and pain points regarding catering services. It builds on the personas in detail by exploring the user journey of the first persona at *Zomato Caters* and how this unique and innovative feature is solving the pain points of users. The PRD further explores some of the risks factors involved and how can they be best handled to ensure and measure the success of *Zomato Caters*.

Lastly, this PRD brings to light a brand-new feature that Zomato can explore considering that it greatly aligns with Zomato's Mission and Vision.