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An Article on Impacts of Disruptive Innovations Based On Technology in Food Industry

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INTRODUCTION:

A disruptive economy/innovation is created by adopting and performing on an innovative idea that creates or helps in establishing a "new market" by providing a better and unique set of values, which ultimately and unexpectedly overtake a well established or existing market. The following study focuses on how the disruptive business based on technology impact the existing business market with respect to food industry.

REASONS FOR DISRUPTIVE INNOVATION:

1. The companies focus more on customer with higher expenses and expenditures and fail to understand the exact customer needs.
2. Focus on sustaining innovation, upgrading existing products and services to attract higher paying customers.
3. While trying to attract higher paying customers they ignore all regular customers who just want simple low cost alternatives.
4. Focus on more profitable customers and begin to over serve adding features and values no one wants to pay for.

RECENT MAJOR DISRUPTIVE INNOVATIONS BASED ON TECHNOLOGY:

- SWIGG / ZOMATO / FOODPANDA / UBEREATS
- AMAZON / FLIPKART / MYNTRA
- OYO / AIRBNB

FOOD INDUSTRY AND DISRUPTIVE INNOVTIONS BASED ON TECHNOLOGY:

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The recent development of the internet has boosted the extension of on-line food services by encouraging and attracting individuals to go look/explore, compare costs and handily access these services. A technically developed online food ordering system has changed the restaurant's culture drastically and has given a new amazing comfort zone to the people of overall world.

CURRENT SCENARIO:

The Indian food industry is expected for huge growth, helps increasing its contribution to world food trade every year. In India, the food sector has become evident as a high growth and profit sector due to its massive potential for value addition, particularly within the food processing industry. The Government of India has relieved foreign direct investment (FDI) norms for the sector, allowing up to 100% FDI in food product e-commerce sector through automatic route.

- US$7,730m revenue is amounted from Online Food Delivery sector in 2019.
- Revenue is expected to show an annual growth rate (CAGR 2019-2024) of 11.3%, resulting in a market volume of US$13,233m by 2024.
- The worlds market's largest segment is Restaurant-to-Consumer Delivery with a market volume of US$4,334m in 2019.

The Online Food order delivery market is projected to grow by a compounded annual growth rate of 9.1% and that will result in a market volume of USD 11,569 million by the year 2023 (According to Statista).

REASONS OF GROWTH OF ONLINE FOOD APPS:

India online food delivery market is currently evincing vigorous growth.

- The growth of the online food delivery market in the India is because of increasing disposable incomes, urbanization and changing consumer lifestyles.
- Increasing penetration of internet and smart phones have further facilitated the growth of the market.
- Growing participation of Indian women in the workforce has also increased the preference for prepared meals and a large young population has expanded the customer base.
- **The convenience of getting food delivered** – The comfort of getting your food by just a click without much hustle of physically visiting the hotels or calling.

- **The growth of the smartphone culture -** Availability of smartphones loaded with high-speed processors, all at extremely affordable rates and the rise of internet technology.
- **Savvy Marketing** – TV advertisements, or the youtube video ads or the OOH advertisements.
- **Ever increasing restaurant options** – The customers get various options of restaurants to choose.
- **Easy and flexible payment gateways** – The convenience of payment be it cash or debit/credit cards, wallets, customers are enjoying the flexible modes of payment.
- **Restaurant reviews** – It helps the customers to access to information about the restaurants. A lot of people check the ratings of the restaurant to decide whether they should buy from there or not.

ADVANTAGES OF ONLINE FOOD ORDERING APPS TO EXISTING HOTELS / RESTAURANTS:

- **Helps in marketing to get people to find you:** It is very difficult to single handily promote and market your restaurant, here the online food ordering apps helps by easily making your restaurant more visible by having you on their platform like website, social media, app, billboards, TV commercials, YouTube ads, Search Engine Optimisation, Google Ads, CRM – email and SMS.

- **No need to care about delivery**: The hotels no need to hire extra manpower for delivery task and no need to manage the tedious task of delivering as well.

- **Reviews:** Your restaurants reviews are listed and mentioned on high platforms and can be noticed by many customers.

- **Get traffic in the tune of thousands**: As this apps have high customer base due to their all-round marketing and promotion efforts which in reverse helps you to get more customer base.

IMPACTS OF ONLINE FOOD ORDERING APPS ON EXISTING HOTELS / RESTAURANTS:

- **High Commision Rates** – Commissions are the biggest disadvantage. This should be a cause for concern for restaurants as nothing stops the Online Food Delivery apps from increasing their commissions further.

- **Reduced profit margins** – Higher costs of tying up with online food ordering apps is eating up on the profit margins of the restaurant.

- **Limited space or chance to advertise and brand yourself** – Your business is given a small space or chance to promote and advertise itself. You might want to apply your special offers, run your campaigns, promote the dish of the day but due to certain rules and policies of the apps you cannot do so.

- **Cannot differentiate from the competition** – Your business is listed on the apps site with many different similar businesses hence you face the risk of getting lost in the crowd of listings.

CONCLUSION:

The disruptive business is hugely affecting the existing business due to its effective business models and marketing and promotion strategies which help them grab high market share of existing businesses. Disruptive business highly impact on development of small scale existing business growth as they are rapidly and drastically changing the business world which is difficult for the small scale businesses to grasp quickly. Technology plays a very vital and important role in making disruptive business successful. The disruptive business on one hand helps a lot to enhance and improve the country's economic growth but on other hand it also damages the economic growth by reducing the factors like employment, less usage of public transport, natural resources.

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