



A STUDY ON A STUDY ON THE IMPACT OF DIGITAL FOOD DELIVERY PLATFORMS ON RESTAURANT PROFITABILITY

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ABSTRACT The rapid growth of digital food delivery platforms such as Swiggy and Zomato has significantly transformed the restaurant industry in India. These platforms provide restaurants with expanded market access, enhanced visibility and increased customer convenience. However, commission charges and additional operational costs influence overall profitability. The present study aims to analyse the impact of digital food delivery platforms on restaurant profitability. Primary data were collected from 80 restaurant owners and managers using a structured questionnaire. Percentage analysis was used to interpret the data. The findings reveal that while digital platforms contribute to increased sales volume and customer reach, high commission rates reduce net profit margins. The study concludes that digital food delivery platforms positively impact revenue generation, but sustainable profitability depends on strategic pricing and cost management practices.

KEYWORDS : Online Food Delivery, Restaurant Profitability, Digital Platforms, Customer Reach, F&B Industry

INTRODUCTION

The Indian food and beverage industry has witnessed rapid digital transformation in recent years. With increasing internet penetration and smartphone usage, customers prefer ordering food through online platforms rather than visiting restaurants physically. Digital aggregators such as Swiggy and Zomato have emerged as dominant intermediaries connecting restaurants and consumers.

These platforms provide benefits such as online marketing exposure, digital payment systems, customer reviews and expanded service areas. However, restaurants must bear commission charges and promotional discount costs. Therefore, understanding the financial implications of digital platforms is important for restaurant owners.

Objectives of the Study

- To analyse the impact of digital food delivery platforms on restaurant sales.
- To examine the effect of commission charges on profit margins.
- To identify key benefits and operational challenges faced by restaurants.

Table – 1 Impact on Sales After Joining Digital Platforms

| Response | Percentage |
|----------------------|------------|
| Significant Increase | 48% |
| Moderate Increase | 32% |
| No Change | 12% |
| Decrease | 8% |

80% of respondents reported increased sales after joining digital platforms

Table-2 Impact of Commission Charges

| Response | Percentage |
|---------------------|------------|
| Highly Affected | 52% |
| Moderately Affected | 28% |
| Slightly Affected | 15% |
| Not Affected | 5% |

The majority of respondents stated that commission charges significantly affect profit margins.

Table-3 Overall Profitability Impact

| Response | Percentage |
|----------------------|------------|
| Profit Increased | 40% |
| Profit Remained Same | 30% |
| Profit Decreased | 30% |
| Not Affected | 5% |

The findings indicate that increased sales do not automatically translate into higher profitability.

DISCUSSION

Digital food delivery platforms have improved market accessibility and customer convenience in the restaurant industry. The study findings suggest that most restaurants experience growth in sales volume after joining digital platforms. However, commission structures and promotional discounts reduce net earnings.

Restaurants that strategically price their menu items and control operational expenses are more likely to benefit from digital integration. Balanced platform participation and diversified revenue channels contribute to long-term sustainability.

Suggestions

- Restaurants should review pricing strategies for online platforms.
- Cost management practices must be strengthened.
- Restaurants should diversify between dine-in and online channels.
- Negotiation of commission structures may improve profitability.

CONCLUSION

The study concludes that digital food delivery platforms significantly influence restaurant operations in India. While they contribute to increased sales and customer access, profitability depends on effective cost control and pricing strategies. A strategic and balanced approach towards digital adoption is essential for sustainable growth in the restaurant industry.

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