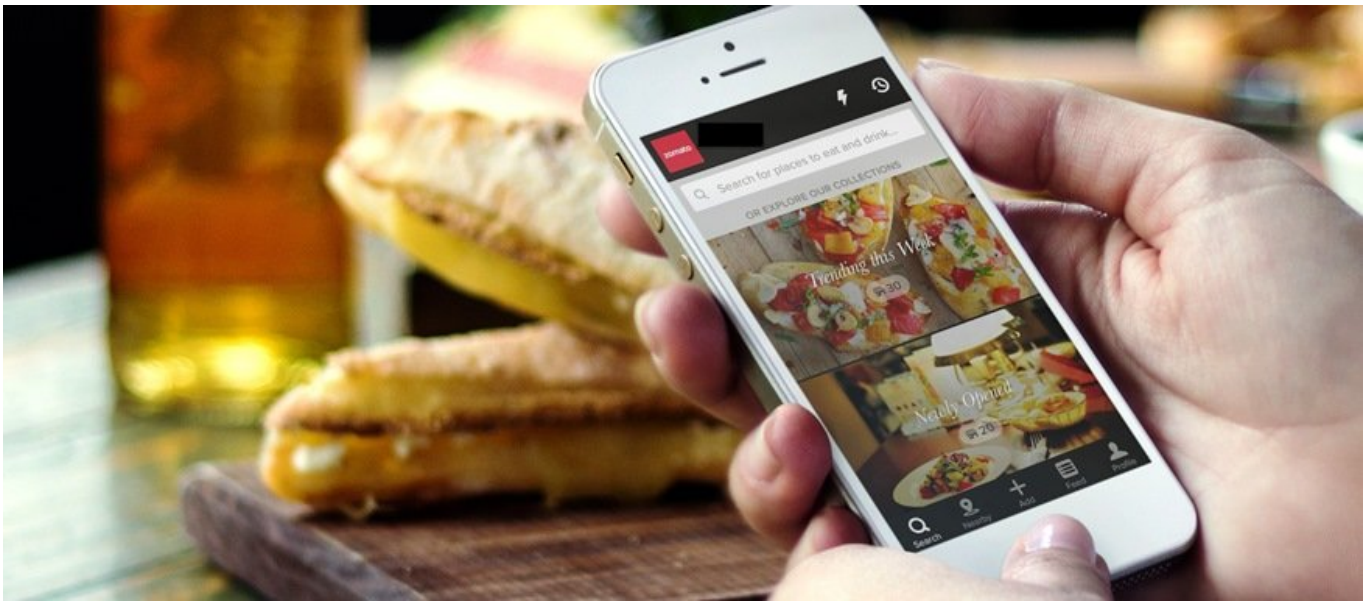
NEWS | ALLIED INDUSTRY

Zomato to start its own delivery

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By **Guest** | June 8, 2017



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Zomato is a restaurant search and discovery service founded in 2008 by Deepinder Goyal and Pankaj Chaddah. It currently operates in 23 countries, including India, Australia and the United States. It provides information and reviews on restaurants, including images of menus where the restaurant does not have its own website.

The service began as Foodiebay and in November 2010, Foodiebay was renamed as Zomato. Between 2010-13, Zomato raised approximately US$16.7 million from Info Edge (India) giving them a 57.9% stake in Zomato.

The development comes as Zomato has agreed to buy hyper local logistics startup, Runnr in an all-stock deal it prepares to start fulfilling deliveries on its own. The transaction valued Zomato at $800 million while Runnr, which is the merged entity of Roadrunnr and TinyOwl, had an enterprise value of $40 million.

Zomato is considering self-fulfilled deliveries as it looks to catch up with its Bengaluru-based rival Swiggy which is leading the online order business space by volumes. Zomato had earlier said that profitable unit economics of a self-fulfilled delivery model, followed by Swiggy, is not viable.

Earlier, Zomato had stated that a self-fulfilled delivery model such as the one followed by its rival was not viable in terms of profits. In June of last year, the company revealed that about 80 percent of its deliveries were fulfilled by the restaurants themselves while the remaining were fulfilled by logistics partners like Delhivery and Grab.

Zomato currently serves in 2 segments. Online advertising, which is generating the maximum share of revenue for the food-tech startup, as well as food delivery.

In the financial year ended March 2017, the advertising segment seems to have brought more revenue, whereas, food delivery space grew faster. Zomato is now evaluating the restaurants and areas, where it can fulfill the deliveries on its own.

This focus on both aspects of the business is a result of a redesigned advertisement product in the last fiscal year. Deepak Gulati, Zomato’s newly appointed COO is expected to increase the advertising sales business in FY18. The advertising business grew a lot more than food-delivery business, increasing by 58 percent to $38 million as compared to an 8 times growth to $9 million.

In March 2017, Zomato announced that it has launched a gold membership scheme in UAE. Gold membership gets the customers two rounds of 1+1 drinks on any beverage at various restaurants, bars, and lounges. This feature is expected to be launched in India later in 2017.

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