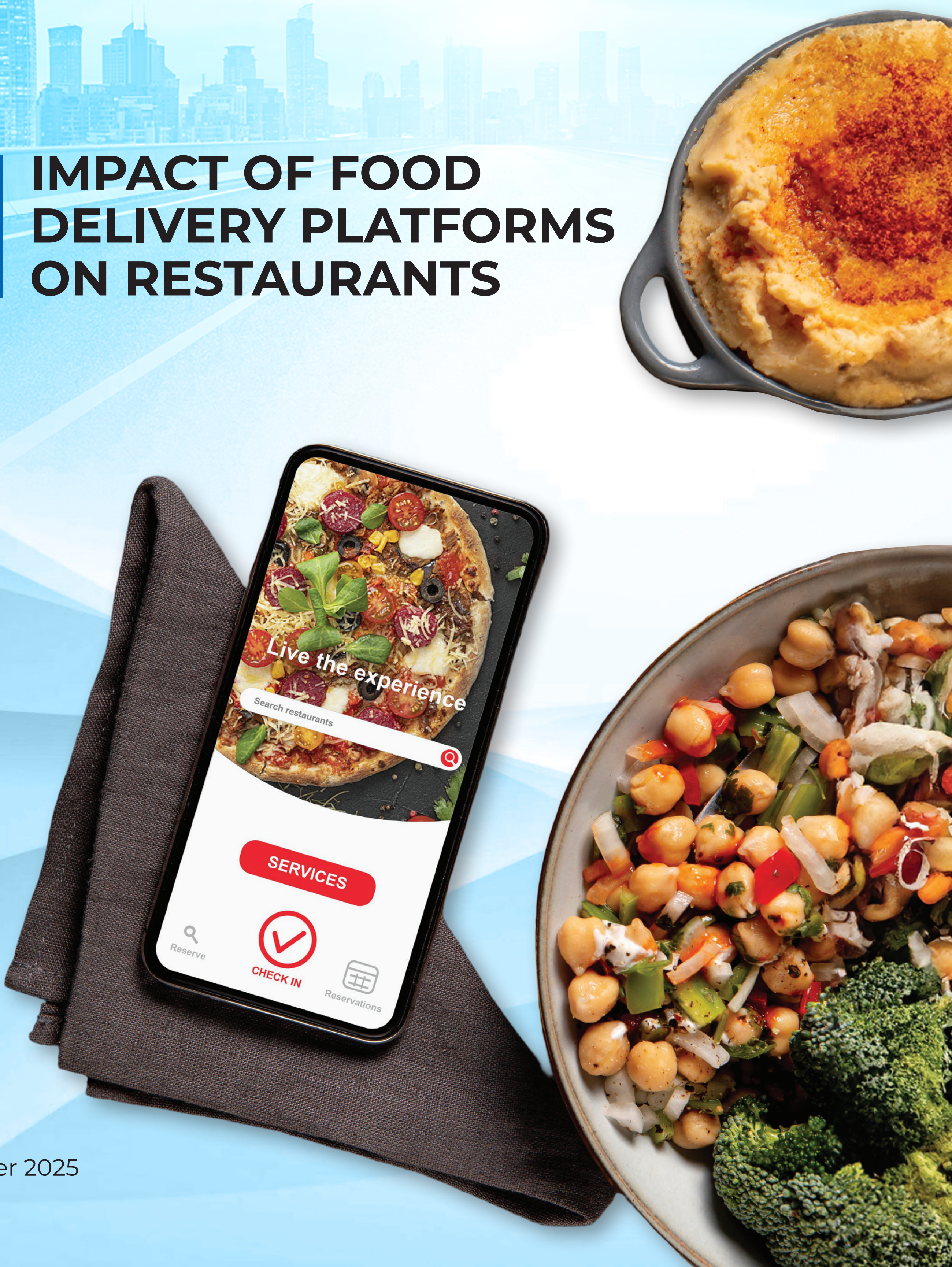
NCAER SINCE 1956
QUALITY. RELEVANCE. IMPACT

National Council of Applied Economic Research

IMPACT OF FOOD DELIVERY PLATFORMS ON RESTAURANTS



December 2025

Impact Assessment of Food Delivery Platforms on Restaurants

December 2025

Study sponsored by

Prosus

NCAER
SINCE 1956
QUALITY. RELEVANCE. IMPACT

NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH

NCAER India Centre, 11 Indraprastha Estate, New Delhi 110 002, India.
Tel: +91-11-2345-2698, info@ncaer.org www.ncaer.org

STUDY TEAM

Project Leader: Bornali Bhandari

Fellow: Ajaya K. Sahu

Associate Fellow: K S Urs

Research Assistants: Aditya Gupta, Nishika Pal, Karan Raj and Sharon Thomas

Research Team Assistant: Poonam Dhawan

Published by

Professor Anil K. Sharma
Secretary and Operations Director
National Council of Applied Economic Research (NCAER)
NCAER India Centre
11, Indraprastha Estate, New Delhi–110 002
Tel: +91-11-2345 2657, 6120 2698
Email: aksharma@ncaer.org
www.ncaer.org

Foreword

This report is the second output of a three-part research programme undertaken by the National Council of Applied Economic Research. It presents an in-depth assessment of the impact of food delivery platforms on restaurants operating within the food delivery platform ecosystem.

The analysis is based on an in-person survey examining the behavioural relationships between platforms and restaurants. The survey covered 640 restaurants across 28 cities, representing all city tiers (Tier 1, Tier 2, and Tier 3) and regions of the country (North, South, East, and West).

The study adopts a 3-E framework, Entry, Experience, and Exit, to evaluate the nature of the relationship between food delivery platforms and restaurants. The impact of these platforms is assessed across both monetary and non-monetary dimensions. Monetary impacts refer to direct financial benefits, such as increases in revenue and profits, while non-monetary impacts encompass intangible benefits that do not yield immediate financial returns.

Key findings indicate that food delivery platforms have contributed significantly to the formalisation of an otherwise largely informal industry. Platforms also address critical service gaps by providing technical support to restaurants for managing various operational functions. Moreover, they have emerged as an increasingly important source of revenue, with the average share of restaurant revenue generated through platforms rising over time. A majority of surveyed restaurants identified network participation as the primary benefit of joining platforms. Additional perceived benefits include enhanced visibility and online presence, increased customer base, extension of peak business hours, expanded geographical reach, and improved quality assurance for customers.

The NCAER study team benefitted from extensive discussions with the National Restaurant Association of India (NRAI), individual restaurants, and representatives from food delivery platforms. The team also received valuable guidance from the distinguished members of the Research Advisory Panel, comprising of Dr Sudipto Mundle, Dr Shashanka Bhide, Dr GC Manna, Dr Sonalde Desai, Mr RCM Reddy and Mr Sehraj Singh.

Special appreciation is extended to Dr GC Manna, who provided critical guidance on the sampling strategy. In the absence of an existing database, the team employed innovative, new-age techniques such as web scraping to construct a comprehensive sampling frame. Survey progress was monitored using technological tools, enabling assessment of both coverage and the geospatial distribution of restaurants across cities and regions.

I express my sincere appreciation to the entire research team, led by Dr Bornali Bhandari, along with the core team members, including Mr Ajaya K. Sahu, Mr K.S. Urs, Ms Nishika Pal, Mr Karan Raj, Mr Sharon Thomas and Ms Poonam Dhawan.

I also thank Prosus for their support in developing this new programme of work on the digital platform economy at NCAER. This study represents a significant contribution to both academic literature and policymaking, as no comparable research currently exists. We sincerely hope that this report will serve as a valuable resource for policymakers and researchers in the years ahead.

Anil K. Sharma
Secretary and Operations Director
National Council of Applied Economic Research

Acknowledgements

The NCAER Gig Economy Initiative assessed the food delivery platform sector in a holistic manner. In the second report, in a three-part series on the food delivery platform sector, we assessed the impact of food delivery platforms on restaurants.

We are grateful to earlier NCAER Director General Dr Poonam Gupta and Secretary and Operations Director Prof Anil Sharma for their constant advice and encouragement.

This was a novel sector with very scant Indian literature to guide the team. It was a learning process for the team. We are very grateful to all the people who we interacted with to learn about this sector.

The sage guidance of the Advisory Panel members comprising of Dr Sudipto Mundle, Dr Shashanka Bhide, Dr GC Manna, Dr Sonalde Desai, Mr RCM Reddy and Mr Sehraj Singh was invaluable. I am especially beholden to Dr Manna for his guidance on the sampling strategy. His innovative suggestions helped us provide a structure.

I am in debt to the restaurant owners who took out time from their busy schedules to talk to us. Their ideas, their perceptions form the base of the questionnaire. This was important because we had only very limited literature on the subject in India. I am grateful to the National Restaurants Association of India for their generous time and inputs.

I am thankful to the agencies that were engaged in the survey for completing the survey in time. Last, but not the least, we are grateful to the restaurants across cities who spared time amidst their busy schedules and patiently listened and answered our queries.

I am grateful to the sponsor, Prosus for reposing trust in us to carry out the important study. I appreciate their invaluable advice and suggestions.

I am especially grateful to the team who took on the challenge of doing this work. Mr Ajaya K Sahu and Mr KS Urs brought their research and survey expertise. Mr Karan Raj interviewed the restaurants himself in Guwahati, Assam. Mr Sharon Thomas formed the technological backbone. Using web scraping, he helped us build the database on which the edifice of the report stands and then helped with tracking the progress of the Survey using geospatial techniques. I am grateful to Ms Nishika Pal for her meticulousness at every stage of the Survey. I am grateful to Mr Aditya Gupta for carrying out the pilot survey. The whole team checked the data consistently to ensure its quality. Lastly, I am grateful to Ms Poonam Dhawan and Mr Praveen Sachdeva for their administrative and IT support.

Bornali Bhandari
Professor
National Council of Applied Economic Research

Executive Summary

The objective of this report was to assess the impact of food delivery platforms on restaurants. This is the second of the three part research series on the Food Delivery Platform economy of India. The National Council of Applied Economic Research (NCAER) conducted an in-person survey of 640 restaurants across 28 cities with representation from all city types (Tier 1, 2 and 3) and regions (North, South, East and West). The survey was carried out between April and September 2023 and included both platform (89 per cent) and non-platform (11 per cent) restaurants. A 3-E framework of entry, experience and exit was used to assess the relationship between the food delivery platforms and restaurants. The focus was on the behavioural relationships between platforms and restaurants. The impact of food delivery platforms on restaurants may be both monetary and non-monetary. Monetary gains refer to direct monetary or financial benefits in terms of higher profits and revenue/sales. Non-monetary gains to firms are intangible benefits and, for the purposes of this report, do not have any immediate direct monetary benefits.

Restaurant Profile

The majority of the restaurants were relatively new i.e. established after 2015. However, platform restaurants tended to be even newer. 83 per cent of platform restaurants joined any food delivery platform either during or after 2018. The size of the restaurants was relatively small, whether measured by annual revenue or number of workers employed. In a sector characterised by informality, platformisation is associated with formalisation of restaurants, specifically in terms of registering under various Government Acts. Platforms also fill service gaps. A relatively small share of restaurants offered their own home delivery and platforms stepped into that role. The platform was the dominant communication mode for restaurants to tell their customers about their menu, prices, discounts etc. Among other available modes, 82 per cent of platform restaurants used the food delivery platform as a mode of communication. A close second was phone/SMS at 67 per cent.

Enrolling and Onboarding Process of Restaurants

The network is a constant motivating factor that influences restaurants' relationships with food delivery platforms. 55 per cent of restaurants heard about platforms from friends/relatives/network. In the majority of cases, platforms approached the restaurants. However, 43 per cent of 'medium & large restaurants' with 50 or more workers responded that it was the platform that approached them.

During the enrolment process, one common result was that platforms were more responsive to the needs of 'medium & large' restaurants. While 33 per cent of the platform restaurants responded that they received help from platforms on getting the necessary registrations (like the Food Safety and Standards Authority of India (FSSAI) license), 57 per cent of the 'medium & large' platform restaurants reported getting help from platforms in order to get onboard.

Similarly, 54 per cent of the 'medium & large' platform restaurants reported getting help from platforms to onboard them. The corresponding number for all platform restaurants was 44 per cent. Platforms offered training/orientation to use the app during the enrolment process. While 60 per cent of 'medium & large' platform restaurants reported getting the training/orientation, the corresponding number for all platform restaurants was 44 per cent.

A significant exception was that a larger share of micro restaurants (restaurants with fewer than 10 workers) and small restaurants (restaurants with 10 to 49 workers) responded that they were given advice by food delivery platforms but only on packaging. Overall, barring the packaging of food, food delivery platforms gave limited advice to restaurants. Since the Survey, food packaging has evolved to more sustainable methods.

The average onboarding fee was Rs 1,841.8 with city-wise variations. Restaurants were asked whether they paid a single onboarding/registration fee for all services or a separate fee for each service, namely, physical food delivery, discovery, receiving and managing orders and payments. There was a high no-response rate of 70.9 per cent, suggesting lack of awareness on this issue.

The average 'per order' commission has increased from 9.6 per cent in 2019 to 24.6 per cent in 2023. The evidence on restaurants' negotiating power over commissions and understanding of the structure of the commissions is mixed. However, 'medium & large' restaurants had relatively greater negotiating power. 30 per cent of platform restaurants requested a reduction in per order commissions.

67 per cent of restaurants perceived that the major benefit of joining platforms was being part of a network (indirect network effects where the matching of restaurants and customers is enhanced via platforms). Other areas where the majority of restaurants derived benefits were increase in number of customers, assurance of quality to customers, increase in geographical area of operations and online presence.

Experience

Platforms serve as a technological extension of a restaurant's business, influencing everything from order-taking to marketing. Approximately fifty per cent of restaurants were using the food delivery app for inventory management but 53 per cent of small restaurants reported using it. Similarly, 41 per cent of restaurants located in Tier 2 cities were using it. Plus, among those that used the platform for inventory management, the majority found it useful. 56 per cent of restaurants used the food delivery platform in planning and designing their menu. However, only 18 per cent found it helpful. 58 per cent of micro restaurants and 65.4 per cent of small restaurants used the food delivery platform to plan and design the menu. The corresponding number for 'medium & large' restaurants was 47.6 per cent.

49 per cent of platform restaurants used a food delivery platform to advertise. Despite varied preferences, restaurants ended up giving advertisements/discounts on food delivery platforms. The restaurants were asked if it was mandatory to offer discounts on food delivery platforms during special campaigns. Only a quarter responded that it was mandatory. In Tier 3 cities, 44.2 per cent of restaurants perceived that it was mandatory. Higher rankings on the screen and more clicks on the restaurant name were the two primary benefits of advertising on food delivery platforms and the majority of restaurants benefitted from it. A small share of restaurants responded that customer awareness and familiarity increased. Restaurants benefitted from additional orders, customers and revenue.

78.3 per cent of platform restaurants reported using the food delivery platform app for accounting and management. 12.6 per cent did not find it helpful and 29.8 per cent found it either helpful or very helpful.

Platforms provide a growing revenue stream to restaurants. The average share of revenue from usage of food delivery platform has gone up from 22.1 per cent to 28.8 per cent. However, restaurants located in Tier 3 cities show a reverse trend of falling share of revenues from platforms. The share peaked during the pandemic. A third of the revenue of small restaurants came from food delivery platforms in 2023. This was also true of restaurants located in Tier 3 cities.

Restaurants were asked about what was their peak hour/time operations on the platform/s. 32.3 per cent of platform restaurants responded that their peak hour demand for dine-in/self-home delivery were the same as peak hour for delivery via platforms. However, 67.7 per cent of restaurants responded that they were different. This means that food delivery platforms helped restaurants extend their peak hours.

67 per cent of platform restaurants reported that platforms shared customer names with them. A recent announcement by one of the key platforms that they are going to start sharing customer information with restaurants will also change the industry. Platforms may provide more data analytics to restaurants especially to micro and small restaurants. They may further enhance the value by standardising and increasing the clarity of the information that they share, thereby empowering all restaurants, especially those in Tier 3 cities. 55 per cent of the platform restaurants responded that the platform/s had explained how payments were computed. Though 30 per cent of platform restaurants wanted lower commissions, looking at restaurants' perception with regard to transparency about the commission structure and flexible commissions, 47.1 per cent of restaurants perceived that food delivery platform/s practices were neither fair nor unfair and 35 per cent perceived them to be either fair or completely fair. 49.6 per cent of platform restaurants found the grievance redressal mechanism of food delivery platforms either helpful or very helpful.

Firms were asked whether they would stop using food delivery platforms and only 35.4 per cent of platform restaurants said that they would do so. The reasons are high commissions, poor customer service and not giving enough profits, orders and customers.

Impact

There were three key reasons where the majority of restaurants responded that they experienced a positive impact by joining a platform: (i) 59 per cent of platform restaurants responded that it expanded their geographical area of operations (ii) 52.7 per cent responded that it increased food items on the menu and; (iii) 50.4 per cent responded that it increased the number of customers.

The majority of the restaurants responded that they continued to be on the food delivery platform because it created visibility (69.1 per cent) and network (56.6 per cent).

Platform restaurants have higher net profits than non-platform restaurants but lower net profit margins. There were both monetary and non-monetary gains from joining food delivery platforms.

Abbreviations

ASUSE	Annual Survey of Unincorporated Sector Enterprises
ESIC	Employees' State Insurance Corporation
FSSAI	Food Safety and Standards Authority of India
GDP	Gross Domestic Product
GRM	Grievance Redressal Mechanism
GST	Goods and Services Tax
MSMEs	Micro, Small and Medium Enterprises
NCAER	National Council of Applied Economic Research
NCEUS	National Commission for Enterprises in the Unorganised Sector
NRAI	National Restaurants Association of India
OECD	Organization for Economic Co-operation and Development
PLFS	Periodic Labour Force Survey

Contents

List of Tables

List of Figures

Chapter - 1

Introduction

1.1 Introduction

This report documents the impact of platforms on restaurants and is the second of the three part research series on the Food Delivery Platform economy of India. The first one, NCAER (2023), assessed the impact of food delivery platforms on delivery workers. However, there is another relationship in the food delivery platform economy-the one between restaurants and customers.[1] The food delivery platform acts as an intermediary between both of them. The customer places an order for food from a particular restaurant on a food delivery app using a mobile (smart)phone (Chen, Hu and Wang 2019; Feldman, Frazzel and Swinny 2023). The app conveys the order to the restaurant and assigns a food delivery worker to deliver food. The worker picks up the food from the restaurant and delivers it to the customer. In return, the platform charges a commission based on each order and it is a percentage of the total order value (Kouzina Foodtech website). The commission covers operating costs, marketing and technological expenses.

The majority of the Indian literature and policymaking has focused on the impact of platforms on food delivery workers but not their impact on restaurants. This report fills that gap and contributes to both the literature and policymaking in India about the food delivery platform economy. It uses a 3-E framework of entry, experience and exit to assess the relationship between food delivery platforms and restaurants. The impact of food delivery platforms on restaurants may be both monetary and non-monetary. Monetary gains refer to direct financial benefits in terms of higher profits and revenue/sales. Non-monetary gains are intangible benefits and, for the purposes of this report, do not have any immediate direct monetary benefits.

1.2 Industry Classification

The National Accounts data does not report separately on the food services industry[2] but clubs it under the Hotels and Restaurants industry. As per Srivastava (2024), the National Restaurants Association of India (NRAI 2024) reported that the food services sector contributed 1.9 per cent to India's Gross Domestic Product (GDP)[3] and was projected to grow at 8.1 per cent between 2024 and 2028. The sector employed 8.5 million workers, which was expected to grow by over 20 per cent to 10.3 million by 2028. The share of the organised market segment had grown from 35 per cent in 2018–19 (Rohit and Pinto 2024) to 43.8 per cent in 2024 (Srivastava 2024).

The Hotel and Restaurants industry is largely informal. As per data from the Periodic Labour Force Survey (PLFS) for 2023–24, the number

[1]It is not that food delivery did not exist in India. The century-old Mumbai 'dabbawala' service delivers home-cooked food to people working in offices (Mumbai Dabbawala website). Other tiffin services or pure take-out services have also existed in India but their geographical reach was very small. The food delivery platform expanded their services. There are also cloud kitchens that rent a commercial kitchen to prepare food for delivery and takeout.

[2]National Industrial Classification code 561: Restaurants and mobile food service activities.

[3]The numbers in this paragraph come from Srivastava (2024) unless mentioned otherwise.

of urban workers aged 15-plus employed in the Hotels and Restaurants sector was 3.2 million, forming 2.4 per cent of total urban Indian workers aged 15-plus.[4] The majority of these are informal (88.9 per cent) and only 11.1 per cent are formal.[5]

Essentially the industry itself is largely informal. The question is what has been the impact of food delivery platforms on this industry.

1.3 Literature on Food Delivery Platforms

In 2023 the Indian online food delivery market was worth $7.4 billion and the Indian cloud kitchen market reached an approximate size of $969.5 million (Statista[6]). Since then, the cloud kitchen market has declined due to lack of profitability (Jain 2024). India has food delivery platforms such as Zomato, Swiggy, and Eat Sure. As part of the Digital Public Infrastructure (DPI), the government has opened its own platform, which is used for food delivery, Open Network for Digital Commerce (ONDC). ONDC was launched in April 2022 (Ministry of Commerce 2025).

Restaurants offer services to customers through multiple channels including dine-in, takeout, and in-house delivery (via phone, WhatsApp and website). A third-party food delivery platform can offer services such as:

- Physical food delivery to the customer (Zomato, Swiggy, Eat Sure etc.)
- Discovery, so that people become aware of the restaurant (Google, Zomato, Swiggy etc.)
- Receiving & managing orders (excludes delivery)
- Payments

Food delivery platforms help restaurants in several ways: they may facilitate the entry of small suppliers to compete with traditional providers of goods or services. (Einav, Farranato and Levin 2016), provide flexible access to delivery, which restaurants may find too expensive to build themselves (Li and Wang 2021), help overcome geographical barriers i.e. customers may order food from restaurants without visiting the place (Feldman, Frazelle and Swinney 2023) and may help in reaching new customers (Li and Wang 2021). Li and Wang (2021) analysed the relationship between the platform delivery channel and restaurants' own takeout/ dine-in channels and its net impact on restaurants' revenue. Using data from the Chicago area covering 17 countries for the year 2019, the authors found that restaurants overall benefitted from on-demand delivery platforms by increasing restaurants' total takeout sales while creating positive spillovers to customer dine-in visits. However, the impact was heterogenous depending on the type of restaurant and the type of customer channel[7]. Platforms offer value to restaurants by expanding their markets but can also affect restaurant profits by taking a percentage of revenues (commissions) and generating congestion that negatively impacts dine-in customers (Feldman, Frazzele and Swinny 2023). First, the standard contractual relationship between the platform and restaurants is that revenue on each order is split between the platform and the restaurant according to some pre-negotiated rate. Since

[4]Authors' computations from MoSPI (2025b).

[5]A formal worker is one who has a written job contract of at least 1 year or eligible for paid leave or has some social security benefits.

[6]Statista.com website.

[7]The impact of platforms on restaurants' revenue is theoretically ambiguous i.e. it can have both positive or negative impacts. Lu, Su and Zeng (2021) theoretically show that the food delivery industry being monopolised is relatively limited

restaurants operate on very low margins, this affects the restaurants' profitability. The second issue is that a large volume of delivery orders may place a strain on restaurant existing operations and staff that may ultimately lead to a worse experience for dine-in customers. The combination of lower profit rate for delivery customers and deteriorating services for dine-in customers may leave the restaurants worse off. Two commonly proposed remedies to this problem (commission caps and allowing the restaurant to set a price floor on the platform) can increase restaurant revenue but do not solve the coordination issue (i.e. the platform does not internalise the impact on dine-in revenues). The authors suggest that if platforms pay restaurants a share of the revenue and a fixed fee, this may resolve the conflict and help in better coordination of the system[8]. However, Liu and Li (2023) assessed the impact of a cap on the commission rate charged to restaurant owners and found that it has a positive impact on restaurants in some regimes but in other regimes, it would make everyone else worse-off in the food delivery market. Hence, a cap on commissions may not solve the problem.

The impact of platforms on restaurants has generated a relatively scant a literature and remains understudied in India. In the Indian case where the restaurant sector is mainly small and informal, it generates numerous questions. What is the role of a food delivery platform in providing delivery services? Has it encouraged or discouraged small businesses? What has been the impact of platforms on restaurants' own services? Has it helped them gain new customers, overcome geographical barriers etc.? More importantly, is there India-specific evidence about the key operational dynamics of the platform-restaurant relationship? The focus of this report is on the behavioural relationships between platforms and restaurants.

The two most-debated issues on the relationship between platforms and restaurants are sharing of customer data and commissions, both in India (The Hindu 2025) and abroad (Ahuja et al. 2021; Hadfield 2020). The literature on sharing of customer data is fairly limited, but commissions have been analysed and critiqued.

1.4 NCAER Restaurant Survey

1.4.1 Sampling Strategy

The survey of restaurants complements the survey of delivery workers (Bhandari et al. 2023) and thus enables us to study the food delivery platform economy from the viewpoint of restaurants as well as delivery workers. The same 28 cities that were included in Bhandari et al. (2023) are studied here (see Annexure 1.1) and the same cities and zones within Tier 1 cities were selected.

Ideally, the sample size of restaurants within the cities and zones within the cities should be determined based on the universe. The challenge was that there was no available universe of restaurants and, within that, no way to select and stratify restaurants. A sampling strategy could be based on type of establishment (quick service, fine dining, coffee shop etc.), the scale, or a combination of the two. Given the absence of a universe of restaurants across cities, an alternative strategy was devised.

We used the website of the platform company from Bhandari et al. (2023) to obtain the names of restaurants for 28 specific cities. The website provided information about partner

[8]On a similar note, in the radio cab industry in India, there is a movement from a commission-based model to subscription-based, which directs all earnings to the driver minus the subscription fee. However, the onus of the GST falls on the driver. Under the commission-based system, mobility aggregators platforms took 15-20 per cent of a driver's fare, a structure that drivers said eroded their earnings (Shinde 2025).

restaurants (name, menu, address, average cost for two, ratings, etc) across cities on its website. Through web scraping, all the publicly given information about restaurants across cities was accumulated through programming. This was done between 26th and 29th April 2023.

Using this information about restaurants in the 28 cities, the sample was stratified using the variable 'cost for two in the restaurant'. The distribution of restaurants was obtained across 28 cities and used to derive the sample. The final sampling strategy is shown in Table 1.1. (Details are given in Annexure 1.1.)

Table 1.1 Sampling Strategy

Restaurant category based on cost for two (Rs)	Tier 1	Tier 2	Tier 3	Total
<200	8	2	2	560
≥200 & <300	12	4	4	–
≥ 300 & < 400	8	2	2	–
≥400 & <500	6	2	2	–
≥ 500	6	2	2	–
Total in each city	40	12	12	–
Total Sample from Food Delivery Platform	40*8= 320	12*12= 144	12*8= 96	–
Total Sample outside any Food Delivery Platform	4*8=32	2*12=24	2*8=16	72
Grand Total	–	–	–	**632**

Source: NCAER.

1.4.2 Questionnaire Development

Given the scant literature in India on the subject, the questionnaire for restaurants was based on repeated focus group discussions with individual restaurants, National Restaurants Association of India and platform industry experts. The issues that came out were per-order commissions, customer data, reduction of waste and expanding the geographical outreach of restaurants. The questionnaire was devised in a neutral fashion to assess reasons behind joining platforms, their experiences and platforms impact on restaurants. The questionnaire was designed to be agnostic across platforms.

Based on several rounds of discussion, a questionnaire was developed. A pilot survey was carried out in Delhi, Chandigarh, Panipat and Guwahati in March 2023, and the questionnaire was revised accordingly. It was translated into different languages to help the field investigator.

Between April and September 2023, NCAER conducted an in-person survey of 640 restaurants across 28 cities with representation from all city types (Tier 1, 2 and 3) and regions (North, South, East and West).

1.4.3. Profiling Restaurants

Since NIC sector 561 is a largely informal sector, we used the Annual Survey of Unincorporated Sector Enterprises (ASUSE) conducted between October 2023 and September 2024 (MoSPI 2025b) to compare the NCAER survey.

Note that there is no public survey on formal or registered enterprises in this sector.

Of the 640 restaurants in the sample, 88.6 per cent were platform restaurants (i.e. they had joined a food delivery platform and were supplying food to customers via orders placed on the platform) and 11.4 per cent were non-platform (restaurants that were not enrolled or onboard any platform). 54.8 per cent of the restaurants were from Tier 1 cities, 27.8 per cent from Tier 2 cities and 17.3 per cent from Tier 3 cities.

69.5 per cent of the restaurants in the survey were established after 2015 (NCAER Restaurants Survey 2023). However, a higher share of platform restaurants (70.7 per cent) were established after 2015 compared to non-platform ones (61.1 per cent). ASUSE 2023–24 reported that 58 per cent of the urban restaurants were established after 2015 (MoSPI 2025b).

Type of ownership. 76.7 per cent of the restaurants were proprietary (NCAER Restaurants Survey). 75.1 per cent of the platform restaurants and 89 per cent of the non-platform restaurants were proprietary. 98.4 per cent of urban restaurants were proprietary as per the ASUSE 2023–24 (MoSPI 2025b).

Turnover. The majority of restaurants from the NCAER Restaurants Survey 2023 had annual turnover of less than Rs 10 million (75.2 per cent). The corresponding numbers for platform and non-platform restaurants were 72.3 per cent and 97.3 per cent respectively. 99 per cent of urban restaurants had annual turnover less than Rs 10 million as per the ASUSE 2023–24 and 97.8 per cent had fewer than 10 workers (MoSPI 2025b).

Size. 55.9 per cent of the restaurants employed fewer than 10 workers. The corresponding numbers for platform restaurants were 54 per cent and non-platform ones were 71.2 per cent (NCAER Restaurants Survey 2023).

In sum, in this largely informal sector, the majority of the restaurants are relatively new, micro in size and proprietary in nature. The characteristics of the NCAER Restaurants Survey 2023, especially the non-platform restaurants, also mirror the ASUSE data but are not the same.

1.5 Framework

The 3-E framework was used to study the impact of joining platform.

1.5.1 Entry

Similar to the food delivery platform workers and based on literature review, in this section, restaurants were probed on several issues around the entry process. First, they were asked about their reasons for joining the platform and who approached whom; second, it covered barriers to entry and the process of getting onboard. Third, we looked at fees—the fees for joining, the average per-order commission fees they paid over time and the services covered under the commission fees. Restaurants were also questioned about their negotiating power with the food delivery platforms. Further, restaurants were probed about their pricing strategy on platforms versus other channels.

An overall question is whether platforms help restaurants in formalising given that the sector is characterised by informality.

Network is a constant motivating factor that influences firms' relationships with food delivery platforms. However, the nature of networking differs. The majority of restaurants became aware of platforms through friends/relatives/networks (55 per cent), but another path was through direct messaging from platforms (53 per cent). the majority of platform restaurants were approached by platforms to join the latter in Tier 2 and Tier 3 cities but it was the reverse in Tier 1 cities, where 51.4 per cent of restaurants approached platforms.

During enrolment, platforms seemed to be more responsive to the needs of 'medium & large' restaurants (with more than 50 workers). 33 per cent of platform restaurants responded that they received some help from platforms in getting the necessary registrations (like the Food Safety and Standards Authority of India (FSSAI) licence), whereas 57 per cent of the 'medium & large' platform restaurants reported getting help from platforms to onboard them. Similarly, 54 per cent of the 'medium & large' platform restaurants reported getting help from platforms to onboard them. The corresponding number for all platform restaurants was 44 per cent. Platforms offered training/orientation to use the app during the enrolment process. While 60 per cent of 'medium & large' platform restaurants reported getting the training/orientation, the corresponding number for all platform restaurants was 44 per cent.

A significant exception was that a larger share of micro and small restaurants responded that they were given advice by the food delivery platforms. However, barring food packaging, platforms gave limited advice on other areas. Since the time of the Survey, the packaging of food has evolved to more sustainable methods.

The average onboarding fee was Rs 1,841.8 but there was large variation with the largest for Tier 1 cities and the smallest for Tier 3 cities. Restaurants were asked whether they paid a single onboarding/registration fee for all services or a separate fee for each service, namely, physical food delivery, discovery, receiving and managing orders and payments. There was a high no-response rate of 70.9 per cent suggesting lack of awareness on this issue.

The average 'per-order' commission has increased from 9.6 per cent in 2019 to 24.6 per cent in 2023. The evidence on restaurants' negotiating power over commissions and understanding of the structure of the commissions was mixed. However, 'medium & large' restaurants had relatively greater negotiating power. Even restaurants' responses on whether the commissions were an acceptable cost were mixed. There was mixed evidence on information contained in the contracts that restaurants signed with platforms. A majority were aware of whether the commissions were written in the contracts (that restaurants signed when joining the platform). The majority of restaurants claimed that they would bear the burden in case of an increase in per-order commissions.

While the responses on per-order commissions were mixed, more than 60 per cent of the restaurants said they wanted to be part of a network.

If a restaurant charged Rs 100 on their offline menu (dine-in/self-delivery/take-home), then the restaurant would charge, on average, Rs 138.5 on the platform and receive Rs 113.8 from the platform. An average restaurant in a Tier 1 city gets back more than Rs 100 when the same item is sold on the platform versus offline. However, the average restaurant in a Tier 2 city makes approximately the same amount, Rs 100, whether selling online or offline and the average restaurant in a Tier 3 city earns less than Rs. 100 when selling on the platform.

1.5.2 Experience and Exit Plans

Similar to platform workers, restaurants were asked about their experiences of being on the platform. Li and Wang (2021) assessed the impact of food delivery platforms on restaurants on their staffing decisions and sales. Overall, the impact was positive. The Hindu (2025) refers to restaurants' concerns about hidden charges, advertising fees etc. These questions were also asked here. Based on Ahuja et al. (2021), questions on platforms impacting finance & accounts, human relations, finance and accounts, inventory management were all probed here. The platform and restaurants relationships were enquired here especially about the information that restaurants seek from platforms. Further, restaurants' management of various channels of revenue were also probed.

The evidence suggests that per-order commissions are a price that restaurants receive in exchange for services from platforms. Restaurants were using services like inventory management, financial management etc. but there was scope of improvement.

Platforms helped restaurants extend their peak hours. The average share of revenue of restaurants coming from food delivery platforms had gone up from 22.1 per cent in 2019 to 28.8 per cent in 2023. Platforms were sharing information with restaurants about customers. However, there was a wide variation in sharing of information. While a third of their revenue came from food delivery platforms, platform restaurants in Tier 3 cities only had a limited understanding of how the payments were being computed. 30 per cent of restaurants requested that per-order commissions should come down. The Grievance Redressal Mechanism (GRM) should be strengthened further. More importantly, the platform/s used ratings to signal about delays in delivery, or wrong food being delivered or if the customer gave a bad review.

1.6 Impact of joining a platform on restaurants

Restaurants were asked how their operations were affected by joining food delivery platform/s. 58.9 per cent of platform restaurants responded that it expanded their geographical area of operations, 52.7 per cent said it increased the number of food items on the menu and 50.4 per cent responded that it increased the overall number of customers.

However, only half the restaurants responded that the number of customers increased; the other half did not experience an increase. Restaurants responded that food delivery platforms were not helping them enough to increase customers, orders and therefore revenue. The restaurants that did experience an increase in customers, their increase was limited to below 30 per cent, at least for most of them. So, why did the restaurants join food delivery platforms? The answers are for network and visibility. And overall, the majority of them have had a good experience with platforms. There are monetary gains and non-monetary returns to joining platforms, both of which are visibly important.

1.7 Report Outline

The restaurants' background characteristics are examined in Chapter 2. The entry experience and actual experience of being on the platform are examined in Chapters 3 and 4, respectively. Chapter 5 assesses the impact of platforms on restaurants.

Chapter - 2

Restaurant Characteristics

A relatively higher share of platform restaurants were new i.e. they were established after 2015. The majority of the restaurants measured either by annual revenue or the number of workers were smaller in size but platform restaurants tend to be larger than non-platform restaurants. Food delivery platforms are associated with formalisation of restaurants, which is a largely unorganised sector. Platforms are filling a service gap. A very small share of restaurants offer their own home delivery, indicating a service gap that is filled by platforms. The platform is the dominant communication mode for restaurants to tell their customers about menu, prices, discounts etc., especially in Tier 2 and Tier 3 cities.

2.1 Introduction

This chapter describes the background characteristics of platform and non-platform restaurants. The restaurants were selected from the NCAER Restaurant Survey 2023 and, since the restaurant industry is a largely informal sector, the Annual Survey of Unincorporated Sector Enterprises (ASUSE) survey was used to benchmark the survey (MoSPI 2025b). This information informs the summary statistics and descriptions of restaurant characteristics. The profile of Indian restaurants—their size, age, and operational models—helps us understand the impact of platforms.

2.2 Where the Survey was carried out?

NCAER conducted an in-person survey of 640 restaurants spread across 28 cities with representation from all city types (Tier 1, 2 and 3) and regions (North, South, East and West) (Table 2.1). This was carried out between April and September 2023.

Table 2.1 NCAER Restaurants Survey 2023 (% of restaurants)

City Tier	Total Platform	Total Non-platform	Grand Total
Tier 1	49.8	5.0	54.8
Tier 2	23.9	3.9	27.8
Tier 3	14	2.5	17.3
Region	**Total Platform**	**Total Non-platform**	**Grand Total**
East	17.5	19.2	17.7
West	29.8	30.1	29.8
North	18.5	19.2	18.6
South	34.2	31.5	33.9
Grand Total	88.6	11.4	100

Source: NCAER Restaurants Survey 2023.

2.3 Restaurants' Background Characteristics

2.3.1 Platform restaurants are relatively new

Table 2.2 shows the age of restaurants across cities benchmarked against ASUSE 2023–24; the results are fairly close with a few differences. Overall, 69.5 per cent of the restaurants were established after 2015 (58 per cent in ASUSE 2023–24). 70.7 per cent platform restaurants were established after 2015, but only 61.1 per cent of non-platform restaurants were established after 2015. The restaurants in the NCAER survey are newer than those in ASUSE 2023–24, suggesting that newer restaurants tend to join a platform.

Table 2.2 Year of Establishment (% of sample restaurants)

Year of Establishment	NCAER Restaurants Survey 2023						ASUSE (2023–24)
	All	Tier 1[1]	Tier 2[1]	Tier 3[1]	Platform[2]	Non-Platform[2]	
< 2000	9.8	8.0	15.2	7.2	10.2	6.9	7.9
>=2000 & < 2005	5.6	5.7	4.5	7.2	4.6	13.9	7.6
> 2005 & <=2010	5.3	3.1	9.0	6.3	5.3	5.6	8.5
> 2010 & <=2015	9.5	8.3	9.0	14.4	9.2	12.5	18.3
>2015	69.5	74.9	61.8	64.9	70.7	61.1	58

Sources: NCAER Restaurants Survey 2023 and MoSPI (2025b).

Notes:

1. Pearson Chi-square(8) = 22.7262 Pr = 0.004. This suggests that the difference between city tiers was statistically significant.
2. Pearson Chi-square(4) = 12.1119 Pr = 0.017. This suggests that the difference between platform and non-platform restaurants was statistically significant.

Within Tier 1 and Tier 2 cities, there were no statistically significant differences in the year of establishment between platform and non-platform restaurants. In Tier 3 cities, 65 per cent of the platform restaurants were established after 2015 and the corresponding share for non-platform restaurants was 56.3 per cent. However, 25 per cent of the non-platform restaurants in Tier 3 cities were older and had been established between 2000 and 2005. 14.7 per cent of the platform restaurants in Tier 3 cities and 12.5 per cent of the non-platform restaurants in Tier 3 cities were established between 2010 and 2015.

82.7 per cent of platform restaurants joined a food delivery platform after 2015. The corresponding numbers for Tier 1, Tier 2 and Tier 3 cities were 78.1 per cent, 87.6 per cent and 90.5 per cent respectively.

The analysis suggests that restaurants in Tier 3 cities were relatively late entrants to the food delivery platform sector and older ones tended not to join the platform at all. These two observations are intuitive. Food delivery platforms first started in Tier 1 cities (Goenka and Choudhury 2023) and would have spread to smaller cities. Second, older restaurant owners may not be digitally savvy and already have a ready-made clientele; therefore, their need to expand markets is limited. However, these observations need empirical validation.

2.3.2 Type of Ownership

The majority of restaurants in the NCAER Survey 2023 were proprietary[9] (76.7 per cent) as shown in Table 2.3. The type of ownership varies significantly between city tiers. The majority of restaurants in Tier 3 cities were proprietary, whereas there is a distribution across various types of restaurants in Tier 1 and Tier 2 cities.

There were statistically significant differences between platform and non-platform restaurants, with a larger share of non-platform restaurants being proprietary (89 per cent). In contrast, the ASUSE Survey showed that 98.4 per cent of urban unincorporated restaurants in India were proprietary.

Table 2.3 Type of Ownership (% of restaurants)

Ownership Type	NCAER Restaurants Survey 2023						ASUSE (2023–24)
	All	Tier 1[1]	Tier 2[1]	Tier 3[1]	Platform[2]	Non-Platform[2]	
Proprietary	76.7	74.6	72.5	98.1	75.1	89	98.4
Partnership	14.5	14.5	20.2	5.4	15.2	9.6	0.7
Franchise	5.3	4.8	7.3	3.6	6	–	–
Cooperative	3.0	5.4	–	–	3.2	1.4	–
Self-help Group	0.5	0.6	–	0.9	0.5	–	–

Sources: NCAER Restaurants Survey 2023 and MoSPI (2025b).

Notes:

1. Pearson Chi-square(8) = 32.6152 Pr = 0.000. This suggests that the difference between city tiers was statistically significant.
2. Pearson Chi-square(4) = 8.4891 Pr = 0.075. This suggests that the difference between platform and non-platform restaurants was statistically significant.

2.3.3 Gender of Proprietor/Partner/Franchisee

The impact of digitisation on women's empowerment has been discussed extensively in the literature (Balakrishnan 2025; Verma et al. 2024). Anand (2024) writes about the initiatives of one food delivery platform to acknowledge and celebrate women entrepreneurship in this sector. The NCAER Restaurants Survey 2023 indicated that 7.6 per cent of all proprietary, partnership and franchise restaurant owners/partners were female. The differences across city tiers and across platform versus non-platform restaurants were not statistically significant. In contrast, the ASUSE Survey 2023–24 showed that female-owned restaurants formed 11 per cent of total urban proprietary restaurants (MoSPI 2025b).

Cloud restaurants/dark kitchens/ghost kitchens offer takeaway facilities, customer pick-up or home delivery via offline or online means; there is no dine-in facility. Jain (2024) discusses the rise and fall of cloud restaurants in India. Cloud restaurants formed 10.7 per cent of the NCAER Restaurants Survey 2023. Of that 10.7 per cent,

[9]The definitions are directly quoted from MoSPI (2025a).

Proprietary: When an individual is the sole owner of an establishment, it is called a proprietary Establishment

Partnership: Partnership is defined as the 'relation between persons who have agreed to share the profits of a business carried out by all or any one of them acting for all'.

Self-help Groups: A self-help group (SHG) is a financial intermediary usually composed of a number of local persons.

95.7 per cent of cloud restaurants were on platforms and 88 per cent were proprietary, partnership, or franchises; of the 88 per cent, 8.2 per cent were female-owned. The differences across all restaurants and cloud ones are not statistically significant for female-owned ones.

2.3.4 Age of Proprietor/Partner/ Franchisee

38 per cent of all proprietary, partnership and franchise restaurant owners/ partners were in their thirties (Table 2.4). There is no statistically significant difference between platform and non-platform restaurant owners, and within city tiers, there were no differences between platform and non-platform restaurant owners. Owners in Tier 1 cities were in their thirties for 42 per cent of these restaurants, whereas in Tier 3 cities 24.3 per cent were aged between 18 and 30. The numbers indicate a dynamic restaurant sub-sector, that attracts young entrepreneurs but statistically there is no evidence that food delivery platforms play any role here.

Table 2.4 Age of Owner/Partner of Proprietary, Partnership and Franchisee Restaurants (% of restaurants in this category)

Age Category	All	Tier[1]	Tier[2]	Tier[3]
18-30	15	12.3	14.6	24.3
31-40	38	41.6	31.5	36.9
41-50	25.6	25.4	27	24.3
51-60	12.8	9.1	20.8	11.7
Above 60	3.9	3.7	5.6	1.8

Source: NCAER Restaurants Survey 2023.
Note: The numbers do not add up to 100 as 4.7 per cent of the responses were missing.

2.3.5 Location of Restaurants

25.9 per cent of restaurants were located within households, 66.6 per cent outside households with fixed premises and with a permanent structure and 7 per cent were outside households with fixed premises and with a temporary structure/kiosk/stall. There were no statistically significant differences between platform and non-platform restaurants.

However, there were statistically significant differences across city tiers.In Tier 1 cities, 22.2 per cent of restaurants were located within households, 72.4 per cent outside households with fixed premises and with permanent structure and 5.1 per cent outside households with fixed premises and with temporary structure/kiosk/stall. The corresponding numbers for Tier 2 cities were 33.3 per cent, 58.8 per cent and 7.9 per cent respectively. The corresponding numbers for Tier 3 cities were 26.4 per cent, 61.8 per cent and 11.8 per cent respectively.

For cloud platform restaurants, 34.9 per cent were located within the household. 54.6 per cent were located outside households with fixed premises and with a permanent structure and 9.1 per cent were located outside households with fixed premises with a temporary structure/ kiosk/stall.

The Survey shows that 56.6 per cent of platform restaurants were located in a marketplace/mall. The corresponding numbers for Tier 1, Tier 2 and Tier 3 cities were 69.3 per cent, 47.1 per cent and 72.6 per cent, respectively. A larger share of platform restaurants were located in market places/malls in Tier 3 cities. Last but not least, 75.4 per cent of cloud platform restaurants were located inside a market place/malls.

2.3.6 Own Premises

44.2 per cent of restaurants had their own premises. The differences were not statistically significant across platform and non-platform restaurants but were across types of cities. The share of restaurants that owned their premises in Tier 1, Tier 2 and Tier 3 cities were 36.8 per cent, 44.4 per cent and 67.6 per cent, respectively. 42.4 per cent of online cloud restaurants owned their premises.

2.3.7 Platform restaurants are relatively larger than non-platform ones

To stratify the restaurants, we used the average meal bill reported on the platform, and developed the sampling strategy accordingly. The restaurants were asked again about the average meal bill (Rs per person) in 2023 for dine-in, home delivery (self) and home delivery (food delivery platform). Further, the restaurants were asked about their annual turnover and total number of workers (full-time and part-time). Results from the latter two metrics indicate that restaurants were relatively small in size. All three metrics are reported here.

Annual Turnover (Rs million)

75.2 per cent of restaurants from the NCAER Restaurants Survey 2023 had an annual turnover of less than Rs 10 million. The corresponding numbers for platform and non-platform restaurants were 72.3 per cent and 97.3 per cent, respectively (Table 2.5). In terms of size, the non-platform restaurants were comparable to the ASUSE Survey 2023–24, where 99 per cent of urban restaurants had an annual turnover of less than Rs 10 million.

In sum, the evidence from the NCAER Restaurants Survey 2023 suggests that platform restaurants were larger in terms of annual turnover. There were no statistically significant different results across city tiers.

Table 2.5 Annual Turnover (Rs million) of Restaurants (% of restaurants)

Annual Turnover (Rs million)	NCAER Restaurants Survey 2023			ASUSE (2023–24)
	All	% of Platform Restaurants	% of Non-Platform Restaurants	
< 10 million	75.2	72.3	97.3	99
>Rs 10 million to ≤ Rs 50 million	19.7	21.9	2.7	0.9
> Rs 50 million to ≤ 500 million	4.5	5.1	–	0.01
> Rs 500 million to ≤ Rs 2,500 million	0.2	0.2	–	–
>Rs 2,500 million	–	–	–	–

Sources: NCAER Restaurants Survey 2023 and MoSPI (2025b).

Note: Pearson Chi-square(3) = 21.1520 Pr = 0.000. This suggests that the difference between platform and non-platform restaurants was statistically significant.

Number of Workers

Adapting the OECD definition to this report, restaurants are categorised by the number of workers they hire including full-time and part-time.[10] Similar to the ASUSE Survey 2023–24, the NCAER Restaurants Survey 2023 shows that the majority of the restaurants are micro (Table 2.6). However, the NCAER Survey captured a larger share of non-micro restaurants compared to ASUSE.

While the share of workers is similar across city tiers, Tier 2 cities had the highest share of restaurants with more than 50 employees .

Platform restaurants were larger in terms of number of workers hired compared to non-platform restaurants. While 54 per cent of platform restaurants were micro, 71.2 per cent of non-platform restaurants were micro.

[10]Micro enterprises employ fewer than 10 employees, small enterprises hire 10 to 49 employees, medium-sized enterprises hire 50 to 249 employees and large enterprises employ 250 or more people. (OECD website).

Table 2.6	Number of Workers (% of restaurants)

Number of Workers	NCAER Restaurants Survey 2023						ASUSE (2023–24)
	All	Tier 1[1]	Tier 2[1]	Tier 3[1]	Platform[2]	Non-Platform[2]	
Micro (fewer than 10 workers)	55.9	59.3	48.9	56.8	54	71.2	97.8
Small (10 to 49 workers)	25.6	27.4	25.3	20.7	27.5	11.0	2.2
More than 50 workers	18.4	13.4	25.8	22.5	18.5	17.8	0.01

Sources: NCAER Restaurants Survey 2023 and MoSPI (2025b).

Notes:

1. Pearson Chi-square(4) = 14.8984 Pr = 0.005. This suggests that differences between city tiers was statistically significant.
2. Pearson Chi-square(2) = 10.3803 Pr = 0.006. This suggests that the difference between platform and non-platform restaurants was statistically significant.

Within Tier 1 and Tier 2 cities, there are statistically significant differences between platform and non-platform restaurants. 57.4 per cent of platform restaurants in Tier 1 city were micro in nature, 29.2 per cent small and 13.5 per cent of restaurants hired more than 50 workers. The corresponding numbers for non-platform restaurants in Tier 1 cities were 78.1 per cent, 9.4 per cent and 12.5 per cent respectively.

45.8 per cent of platform restaurants in Tier 2 city were micro in nature, 25.1 per cent small and 26.1 per cent of restaurants hired more than 50 workers. The corresponding numbers for non-platform restaurants in Tier 2 cities were 68 per cent, 8 per cent and 24 per cent respectively. For the rest of the report, firm size is measured by the number of workers hired by them.

Average Meal Bill (Rs)

The average meal bill also shows that platform restaurants are having larger mill bills than non-platform restaurants (Table 2.7). Within platform restaurants, there were differences across city tiers with Tier 3 cities having a larger share of restaurants with a lower average meal bill over food delivery platforms.

Table 2.7	Average Bill for Dining-In, Restaurant (self) Delivery and Platform Delivery (% of restaurants)

Meal Bill (Rs)	All	Tier[1]	Tier[2]	Tier[3]	Platform	Non-Platform
	Average Bill for Dining-In [1,2,3]					
< Rs 200	35.7	–	–	–	32.1	61.4
>= Rs 200 & < Rs 300	29.6	–	–	–	30.3	24.3
>= Rs 300 & <= Rs 400	14.9	–	–	–	16.0	7.1
>= Rs 400 & <= Rs 500	8.9	–	–	–	9.0	4.3
>= Rs 500	11.4	–	–	–	12.6	2.9
	Average Bill for Self Home (Restaurants) Delivery[4,5]					
< Rs 200	21.9	–	–	–	–	–
>= Rs 200 & < Rs 300	23.6	–	–	–	–	–
>= Rs 300 & <= Rs 400	20.7	–	–	–	–	–
>= Rs 400 & <= Rs 500	17.3	–	–	–	–	–
>= Rs 500	16.5	–	–	–	–	–
	Average Bill for Home delivery via food delivery platforms[6,7]					
< Rs 200	–	22.6	32.0	34.7	27.2	–
>= Rs 200 & < Rs 300	–	27.0	25.5	13.7	24.3	–
>= Rs 300 & <= Rs 400	–	16.9	13.1	10.5	14.8	–
>= Rs 400 & <= Rs 500	–	12.9	14.4	19.0	14.3	–
>= Rs 500	–	20.7	15.0	22.1	19.4	–

Source: NCAER Restaurants Survey 2023

Notes:

1. This includes non-cloud restaurants in each category i.e. they do not have a dining-in facility. There were 571 restaurants in that category. These are then divided across various categories-- city tiers and platform/non-platform.
2. The results were not statistically significantly different across city tiers.
   Pearson Chi-square(8) = 5.0482 Pr = 0.752
3. The results were statistically significantly different across platform and non-platform restaurants.
   Pearson Chi-square(8) = 5.0482 Pr = 0.752
4. There were only 237 restaurants that offered self home-delivery.
5. The results are neither statistically significantly different across city tiers or platform/non-platform.
6. Only platform restaurants were analysed here.
7. The results were not statistically significantly different across city tiers. Pearson Chi-square(8) = 17.7253 Pr = 0.023.

Figure 2.1 shows the average meal bill for platform restaurants. Counterintuitively, the average bill for dining-in was the lowest at Rs 259.6, compared to when food was delivered by food delivery platforms (Rs 301.9) and when restaurants self-delivered it (Rs 332.1)

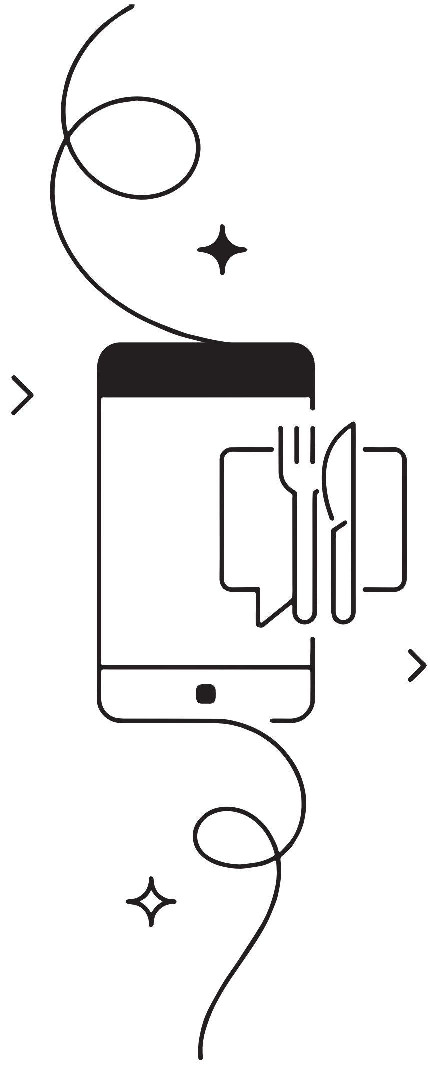
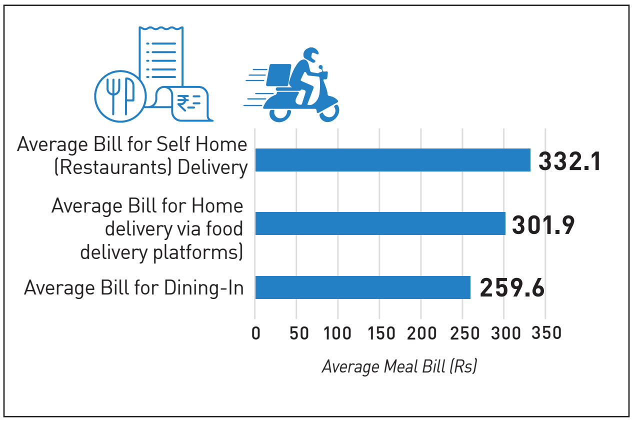


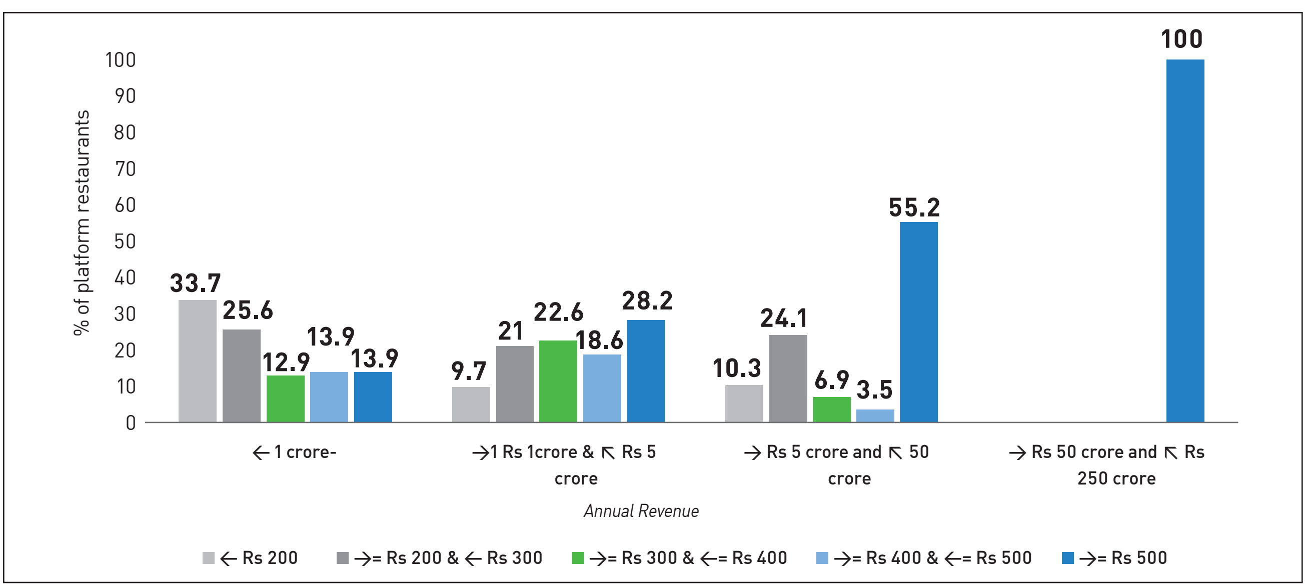
Figure 2.1 Average Meal Bill for Platform Restaurants (Rs)



Source: NCAER Restaurants Survey 2023.

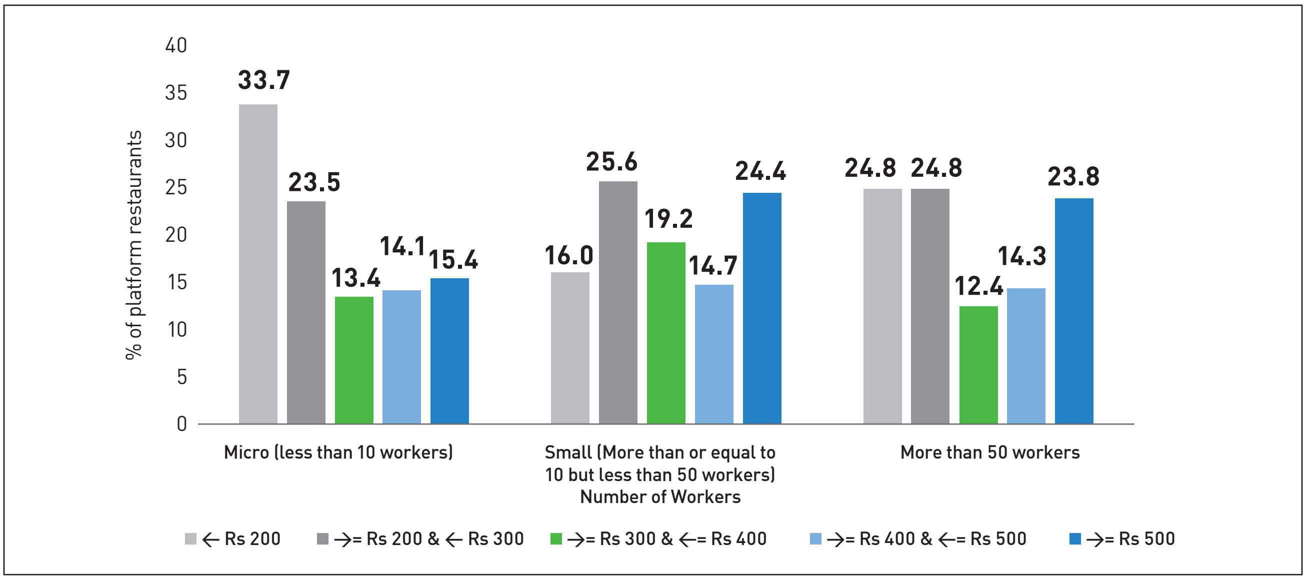
The correlation between average meal bill and size as measured by annual revenue and number of workers. In both cases the correlations were small (0.3) but positive and significant (Figures 2.2 and 2.3).

Figure 2.2 Annual Revenue and Average Meal Bill when Delivered Via Food Delivery Platform (% of platform restaurants)



Source: NCAER Restaurants Survey 2023.

Figure 2.3 No. of Workers and Average Meal Bill when Delivered Via Food Delivery Platform (% of platform restaurants)



Source: NCAER Restaurants Survey 2023.

2.3.8 Summary

The majority of the restaurants were new i.e. established after 2015. The owners/ partners/ franchisees are young males in their thirties. The size of the restaurants were relatively small, whether measured by annual revenue or number of workers employed.

2.4. Restaurants' Features

2.4.1 Platformisation is associated with formalisation

Most restaurants operate in the informal sector. Joining the formal sector requires licences, which platforms help restaurants acquire, leading to formalisation of the sector. Table 2.8 lists the licences and the percentage of platform and non-platorm restaurants that had obtained each licence.

A higher share of platform restaurants have various types of licences than non-platform restaurants. A licence from the Food Safety and Standards Authority of India (FSSAI) is necessary to onboard a platform. 97 per cent of platform restaurants had one, but only 83.6 per cent of non-platform restaurants had the FSSAI license. On Goods & Services Tax (GST), 78.5 per cent of platform restaurants and 48 per cent of non-platform restaurants had GST. The ASUSE Survey 2023–24 reported that only 1.4 per cent of all urban restaurants had GST, and 17.5 per cent were under the Shopping and Establishments Act.

32 per cent of restaurants were on the Udhyam Portal, with 33 per cent of platform and 21 per cent of non-platform restaurants being on it. Since the majority of the restaurants belong to the micro, small and medium enterprises (MSMEs) category, even platform restaurants show relatively low rates of onboarding on the Udhyam portal. These are areas that platforms can perhaps inform and guide restaurants.

28.6 per cent of restaurants had a Corporate Identification Number (CIN) with 30.5 per cent of platform restaurants and 13.7 of non-platform restaurants having one.

69.2 per cent of restaurants with 70.2 per cent of platforms and 61.6 of non-platform restaurants had the Shops and Establishment Certificate. However, the differences across platform and non-platform restaurants were not statistically significant. The results are very different to the ASUSE Survey.

Only 3.9 per cent of restaurants had a fire/police/pollution license with 3.4 per cent of platform restaurants having one. Clearly this is an area of much importance and platforms have a large role in encouraging restaurants to possess one especially fire license. 26.7 per cent of restaurants had subscribed to Employees State Insurance Act and it was 27.9 per cent for platform restaurants and 17.8 per cent for non-platform ones. A larger proportion of platform restaurants compared to non-platform restaurants were providing provident funds and health insurance to their employees or at least had avenues for it. However, there is much scope for improvement.

Table 2.8 Types of Licences Restaurants Have (% of restaurants)

Type of Licence/Government Act	% of All Restaurants	% of Platform Restaurants	% of Non-Platform Restaurants
FSSAI[1]	95.5	97.0	83.6
GST[2]	75.0	78.5	48
Udhyam[3]	32.0	33	21
CIN[4]	28.6	30.5	13.7
Shops & Establishment certificate[5]	69.2	70.2	61.6
Municipal Corporation/Panchayats/ Local Body[6]	78.0	79.0	69.9
Provident Fund Act[7]	17.0	18.2	8.2
Employees State Insurance Act (ESIC)[8]	26.7	27.9	17.8
Others (Fire, Police, Pollution)	3.9	3.4	0

Source: NCAER Restaurants Survey 2023.

Notes:

1. The results for FSSAI were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 27.0055 Pr = 0.000.
2. The results for GST were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 32.1667 Pr = 0.000.
3. The results for Udhyam were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 4.6279 Pr = 0.031.
4. The results for CIN were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 8.9537 Pr = 0.003.
5. The results for Shops & Establishment certificate were not statistically significantly different across platform and non-platform restaurants.
6. The results for Municipal Corporation/Panchayats/ Local Body were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 3.1517 Pr = 0.076.
7. The results for Provident Fund Act were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 4.5281 Pr = 0.033.
8. The results for ESIC were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 3.3413 Pr = 0.068.

Regarding cloud restaurants, 95.7 per cent were on a platform, of which 92 per cent had an FSSAI license. 34.8 per cent of cloud restaurants were operating from within the household, of which 82 per cent had an FSSAI license.

NCEUS (2007) has defined the unorganised sector as follows: "The unorganised sector consists of all unincorporated (unregistered) private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with fewer than ten total workers". To be considered an unregistered/informal/unincorporated enterprise, the following three conditions have to be satisfied:

- Fewer than 10 workers
- Ownership is proprietary or partnership
- Not registered with any government Act

Under this definition, the share of restaurants that would be classified as unorganised is given in Table 2.9. This reconfirms that the share of unorganised platform restaurants is lower than the share of unorganised non-platform restaurants. In the NCAER Restaurants 2023 Survey, 0.7 per cent of all restaurants were unorganised and fulfilled the above three conditions. And all of them were non-platform restaurants. Platformisation is associated with formalisation.

Table 2.9 Share of Unorganised Restaurants that have fewer than 10 workers, ownership is proprietary/partnership and without a license[1]

Without License	% of All Restaurants	% of Platform Restaurants	% of Non-Platform Restaurants
FSSAI[a]	2.5	1.6	8.2
GST[b]	18.4	15.5	52.1
Udhyam[c]	37.9	35.2	58.9
CIN[d]	48.9	47.2	61.6
Shops & Establishment certificate[e]	15.9	14.6	26.0
Municipal Corporation/ Panchayats/ Local Body[f]	12.3	11.1	21.9
Provident Fund Act[g]	46.4	43.7	67.1
Employees State Insurance Act	Not Applicable to enterprises with fewer than 10 workers (ESIC website)		

Source: NCAER Restaurants Survey 2023.

Notes:

1. Unorganised sector has (i) fewer than 10 workers; (ii) ownership is proprietary or partnership and; (iii) registered with some government Act
2. Chi-square tests for restaurants with fewer than 10 workers and ownership being proprietary or partnership were tested across platform and non-platform restaurants. The differences were found to be statistically significant across various types of licenses/Government Acts.

a. The results for FSSAI were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 10.6521 Pr = 0.001.

b. The results for GST were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 14.8274 Pr = 0.000.

c. The results for Udhyam Portal were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 4.3198 Pr = 0.038.

d. The results for CIN were not statistically significantly different across platform and non-platform restaurants.

e. The results for Shops & Establishment certificate were not statistically significantly different across platform and non-platform restaurants.

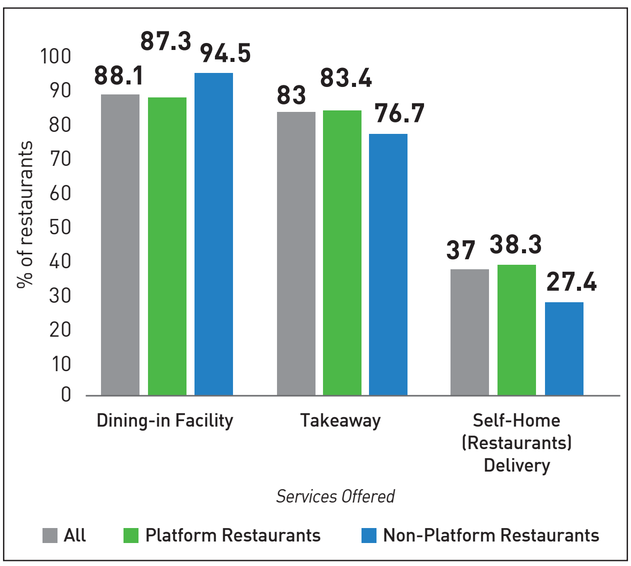
f. The results for Municipal Corporation/Panchayats/ Local Body were not statistically significantly different across platform and non-platform restaurants.

g. The results for Provident Fund Act were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 3.4616 Pr = 0.063.

2.4.2 Platforms fill a service gap

Not surprisingly, Figure 2.4 shows that compared to platform restaurants, a higher share of non-platform restaurants offered dining-in services. A higher share of platform restaurants offered both services--take-away and self-home delivery. The differences across platform and non-platform restaurants are not statistically significant for take-way but they are for self-home delivery. The results suggest that a very small share of restaurants were offering home delivery, indicating service gaps that are being filled by platforms. This confirms the findings of Li and Wang (2021) that food delivery platforms provided flexible access to delivery, which restaurants may find too expensive to build themselves.

Figure 2.4 Other Type of Services Offered by Restaurants (% of responses)



Source: NCAER Restaurants Survey 2023.

Notes:

1. The results for dine-in were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 3.2206 Pr = 0.073.
2. The results for take-away were not statistically significantly different across platform and non-platform restaurants.
3. The results for self-home (restaurants) delivery were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 3.2797 Pr = 0.070.

2.4.3 Own website/mobile app

33 per cent of restaurants had their own website/ mobile app. The corresponding numbers for platform and non-platform restaurants were 35.3 per cent and 15.1 per cent, respectively. Of the 35.3 per cent of platform restaurants, 70 per cent had the facility to receive orders and payments online. Only 2.5 per cent of the restaurants could receive orders but not payments. Of the 15.1 per cent of non-platform restaurants, 36.4 per cent had the facility to receive orders and payments online.

2.4.4 Modes of Communication

The platform was the dominant communication mode for restaurants to tell their customers about menu, prices, discounts etc. (Table 2.10). Phone/SMS, WhatsApp/Signal/Telegram and Facebook/Instagram were the other popular methods of communication.

Table 2.10	Modes of Communication (% of restaurants)		
Mode of Communication	**All (% of all restaurants)**	**% of Platform Restaurants**	**% of Non-Platform Restaurants**
Phone/SMS	65	67	49.3
WhatsApp/Signal/Telegram	48.4	51	28.8
Own Website	15.6	16.9	5.5
Food Delivery Platform	72.5	81.8	–
Own App	5.2	4.9	6.9
Flyer	7.3	6.2	16.4
Facebook/Instagram	25.9	29.3	–
Others	2.8	2.8	2.7

Source: NCAER Restaurants Survey 2023.

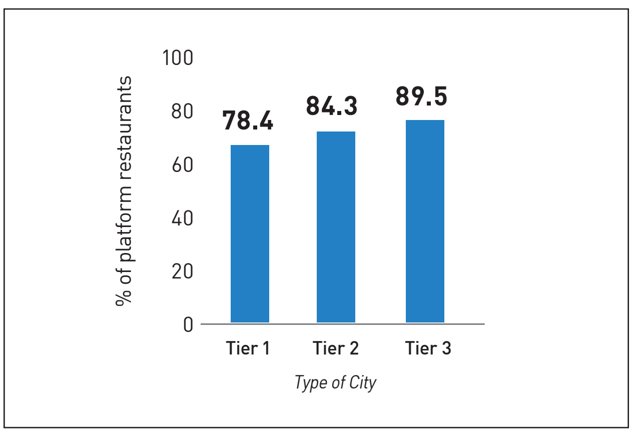
Notes:

1. The results for phone/SMS were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 8.9105 Pr = 0.003.
2. The results for WhatsApp/Signal/Telegram were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 12.7653 Pr = 0.000.
3. The results for WhatsApp/Signal/Telegram were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 6.4333 Pr = 0.011.
4. Chi-square tests are not applicable for food delivery platforms for obvious reasons.
5. The results for own app were not statistically significantly different across platform and non-platform restaurants.
6. The results for flyers were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 10.0160 Pr = 0.002.
7. The results for Facebook/Instagram were statistically significantly different across platform and non-platform restaurants. Pearson Chi-square(1) = 28.8569 Pr = 0.000.

Of the 35.3 per cent of platform restaurants that had their own website/mobile app, 82.5 per cent still used the platform app to communicate, 45 per cent used their own website and 12 per cent used their own app (not in the tables).

The platform is the dominant communication mode for restaurants, especially in Tier 3 cities (Figure 2.5).

Figure 2.5 Restaurants that communicate to their customers via food delivery app (% of platform restaurants)



Source: NCAER Restaurants Survey 2023.

Note: The results were statistically significantly different across different city tiers. Pearson Chi-square(2) = 6.9377 Pr = 0.031.

The key point is that food delivery platforms clearly serve unmet needs for restaurants. What that is precisely will be examined in the next chapters.

2.4.5 Summary

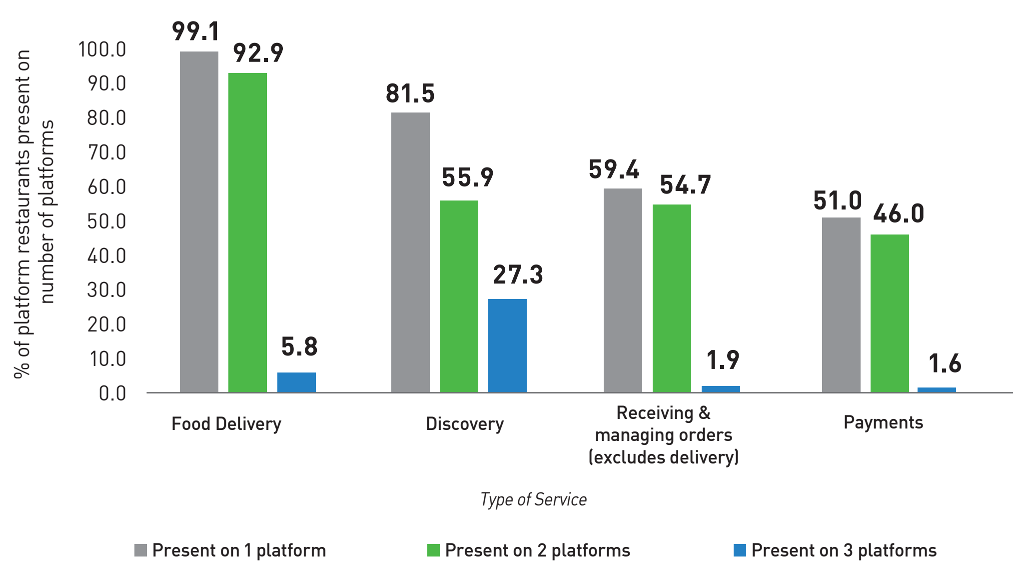
The evidence suggests that a higher share of platform restaurants have various types of licenses and one would think that onboarding a food delivery platform would help formalise a very informal industry. Anecdotal evidence from interviews suggest that new restaurants aspire to join platforms and, therefore, they wait until they get the FSSAI license at least. However, one cannot firmly say that platforms lead to formalisation of restaurants because there could be selection bias i.e. more formal firms join the platform.

The descriptive statistics also suggest that platforms help restaurants meet some unmet needs especially when they do not have their own facilities or in communicating with clients. The next few chapters will shed light on the motivation of restaurants for joining food delivery platforms.

2.5 Types of Services offered by Food Delivery Platforms

Restaurants were asked about the services that food delivery platforms offered. The two key services why restaurants are present on food delivery platforms are physical 'food delivery' and 'discovery'. 99 per cent of the platform restaurants responded that they had signed on to at least one platform for physical food delivery (Figure 2.6). 93 per cent of the platform restaurants were present on at least two platforms for physical food delivery. 82 per cent of the restaurants were on at least one food delivery platform for discovery (so that people become aware of the restaurant by discovering it online). 59 per cent of platform restaurants were present on at least one food delivery platform to receive and manage orders and 51 per cent of restaurants were present on at least one food delivery platform for payments.

Figure 2.6 Presence of Restaurants on Number of Platforms by Type of Service (% of restaurants present on a number of platforms)



Source: NCAER Restaurants Survey 2023.

2.6 Summary

This chapter gives background statistics about the NCAER restaurants survey and contextualises them from the ASUSE Survey 2023–24. The insights are that the restaurant sector was (and still is) a largely informal sector. However, it is also dynamic since young entrepreneurs in their 30s work in this area. Many restaurants are new and have joined the food delivery platform only since 2018. It, however, continues to be male-dominated. The majority of the restaurants are relatively small, although the platform restaurants are bigger. The first cut of the data suggests that platforms can help formalise this sector. It fills a service delivery gap and offers communication facilities. However, the majority of restaurants join platforms only for food delivery.

Chapter - 3

Entry: Enrolling and On-boarding a Food Delivery Platform

The network is a constant motivating factor that influences restaurants' relationships with food delivery platforms. It is through friends/relatives/networks that restaurants become aware of food delivery partners. Both platforms and restaurants approached each other. The majority of restaurants were self-onboarding but large restaurants got more training and orientation from platforms. Platforms gave micro and small restaurants advice on packaging. Per-order commissions have increased over time. Restaurants' awareness on contractual details are relatively low. The negotiating power of restaurants depends on their size; larger restaurants have more negotiating power. The majority of restaurants responded that pricing was higher on platforms compared to offline mediums. While 67 per cent of platform restaurants responded that the primary benefit of joining a platform was networking, 45 per cent joined due to higher earnings.

3.1 Introduction

This chapter aims is to understand the conditions of enrolment, the enrolment experience of restaurants, transparency of information and information symmetries. It also explores the negotiating power of restaurants vis-à-vis the platforms. Only platform restaurants are analysed in this chapter.

3.2 Awareness about the Food Delivery Platform

3.2.1 How did you hear about the food delivery platform/s?

The majority of respondents said that they heard about the food delivery platform/s from relatives/networks/friends (54.7 per cent) and direct messaging from platforms (52.7 per cent) as shown in Table 3.1. The evidence suggests that informal networks are a useful tool that help platforms and restaurant owners. Anecdotally, during the pilot survey, one restaurant owner in Chandigarh said that he was on the platform because his neighbouring restaurant owner was also on it. There was a probability that he would earn less by not joining the platform.

In Tier 3 cities, 68.4 per cent of platform restaurants heard about food delivery platform/s from their relatives/networks/friends. The corresponding number for Tier 1 and Tier 2 cities were 57.1 per cent and 41.2 per cent, respectively. In Tier 3 cities, 36.8 per cent of platform restaurants said that customers asked for the platform. The corresponding numbers for Tier 1 and Tier 2 cities were 19.1 per cent and 15 per cent, respectively. The analysis in Chapter 2 suggested that restaurants located in Tier 3 cities were relatively late entrants to the food delivery platform sector and older restaurants tended not to join the platform at all. Customers tended to be push factors for restaurants to join the platform in Tier 3 cities. This is the indirect/cross-side network effects where customers are encouraging restaurant owners to join the platform (Lee 2022).

Analysing restaurants by size (number of workers), direct messaging from platform and relatives/friends/networks was the dominant mode of hearing about food delivery platforms. In contrast, large restaurants heard about platforms via advertisements.

Table 3.1	How did you hear about the Food Delivery Platform/s (% of platform restaurants)			
Type of Restaurant	Advertisement	Direct messaging from platform	Relatives/friends/ network	Customers
All	36.7	52.7	54.7	21.0
	Type of City			
Tier 1	32.6	52.4	57.1	19.1
Tier 2	44.4	51.6	41.2	15.0
Tier 3	37.9	55.8	68.4	36.8
	Size of Restaurant (Number of Workers)			
Micro (fewer than 10 workers)	32.0	55.2	57.2	25.2
Small (10 to 49 workers)	30.1	61.5	55.8	18.6
More than 50 workers	60.0	32.4	45.7	12.4

Source: NCAER Restaurants Survey 2023.

Notes:

1. Row sums may not add up to 100 per cent as multiple ticks were possible.
2. Pearson Chi-square(2) = 6.3157 Pr = 0.043. The advertisement results are statistically significant across city tiers.
3. Pearson Chi-square(2) = 30.3205 Pr = 0.000. The advertisement results are statistically significant across restaurant size as measured by workers.
4. The direct messaging for platform results are not statistically significant across city tiers.
5. Pearson Chi-square(2) = 23.0663 Pr = 0.000. The direct messaging for platforms results are statistically significant across restaurant size as measured by workers.
6. Pearson Chi-square(2) = 19.2212 Pr = 0.000. The relatives/friends/network results are statistically significant across city tiers.
7. The relatives/friends/network results are not statistically significant across firm size.
8. Pearson Chi-square(2) = 18.3414 Pr = 0.000. The results for customers are statistically significant across city tiers.
9. Pearson Chi-square(2) = 8.4488 Pr = 0.015. The results for customers are statistically significant across restaurant size.

3.2.2 Who approached the food delivery platform?

Table 3.2 shows that approach is linked to the type of city. In Tier 1 cities, the restaurant tends to approach the platform (51.4 per cent), whereas in Tier 3 cities it is the platform that approaches the restaurant (68.4 per cent). This analysis suggests that there were pull factors too for restaurants to join the food delivery platform.

Table 3.2	Who Approached the Food Delivery Platform? (% of platform restaurants)			
Type of Restaurant	Platform approached restaurant	Restaurant approached platform	Platform is investor in restaurant	Others
All	50.6	44.8	2.8	1.2
	Type of City			
Tier 1	42.6	51.4	3.5	2.2
Tier 2	55.6	43.1	0.7	0.0
Tier 3	68.4	25.3	4.2	0.0

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(6) = 31.2856 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Not statistically significant across restaurant size (measured by number of workers).

3.2.3 Food delivery platform/s tend to help large restaurants relatively more with registrations

33 per cent of the platform restaurants responded that the food delivery platform/s did help with registrations such as FSSAI, GST etc. (Table 3.3). It was the highest in Tier 3 cities at 48.4 per cent. This suggests that food delivery platforms help restaurants formalise, especially in smaller towns, where they may not have the capacity.

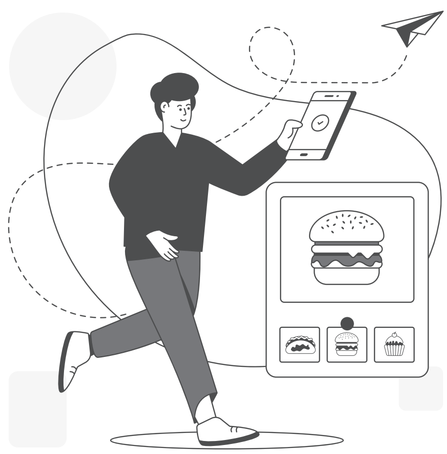


Table 3.3	Did any of the food delivery platform/s help you with the registrations? (% of platform restaurants)	
Type of Restaurant	Yes	No
All Cities	33.0	66.5
	Type of City	
Tier 1	34.8	64.9
Tier 2	19.6	79.7
Tier 3	48.4	50.5
	Size of Restaurants (Number of Workers)	
Micro (fewer than 10 workers)	25.8	73.9
Small (10 to 49 workers)	31.4	67.9
More than 50 workers	56.2	42.9

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(2) = 23.3508 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(2) = 33.4885 Pr = 0.000. This means that the differences across Restaurant sizes are statistically significant.
3. All may not add up to 100 due to missing responses.

Help with registrations depended on the size of the restaurant. The majority of small and micro restaurants reported not getting any help from platforms., whereas 56.2 per cent of restaurants with more than 50 workers reported that platforms helped them get their registrations.

3.3 On-boarding Experience

3.3.1 Majority of the micro and small enterprises are self-onboarding the platform while large restaurants get help from platforms

52.6 per cent of platform restaurants reported that they had self-onboarded onto the food delivery platform (Table 3.4). However, the percentage shares were higher in Tier 2 and Tier 3 cities. Cutting the data across restaurant size, one finds that the majority of micro and small restaurants self-boarded on the platform but the majority of restaurants with more than 50 workers responded that a platform team helped them.

This raises questions about the quality of services that are provided by platforms. In one interview, the owner said that after the restaurant had booked onto the idea of joining a platform, the platform disappeared and did not offer any help. The next section clearly shows that the platforms exhibit mixed performance in terms of training/ providing orientation to restaurants while they are joining platforms; the evidence is mixed on the advice given.

Table 3.4 How did you get Onboard the Portal of a Food Delivery Platform? (% of platform restaurants)

Type of Restaurant	Self-onboarding	Platform team helped with on-boarding	Tie-up with agencies	Others
All	52.6	43.9	0.9	2.1
	Type of City			
Tier 1	49.2	46.1	0.9	3.8
Tier 2	56.9	41.2	0.7	1.3
Tier 3	56.8	41.1	1.1	1.1
	Size of Restaurants (Number of Workers)			
Micro (fewer than 10 workers)	51.6	45.4	0.7	2.3
Small (10 to 49 workers)	60.3	34.0	1.3	3.2
More than 50 workers	43.8	54.3	1.0	0.0

Source: NCAER Restaurants Survey 2023.

Notes:

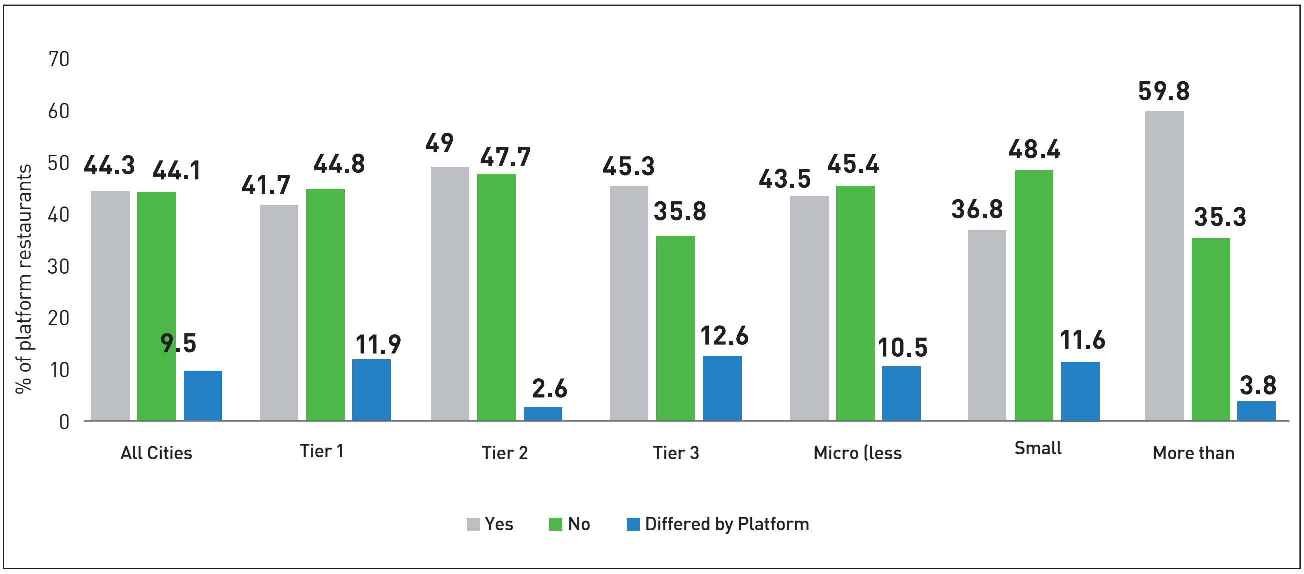
1. Pearson Chi-square(6) =11.7899 Pr = 0.067. This means that the differences across city tiers are statistically significant
2. Pearson Chi-square(6) = 13.2412 Pr = 0.039. This means that the differences across Restaurant sizes are statistically significant.'
3. All may not add up to 100 due to missing responses.

3.3.2 Majority of 'medium' & 'large' restaurants responded that the platform did offer training/orientation for using the platform app

The response was mixed with some respondents saying that platforms did offer training/ orientation for using the app and others did not. However, as Figure 3.1 shows, the majority of medium & large restaurants (50 or more workers) responded that the platform did offer training/orientation for using the platform app.

While the food delivery platform approached restaurants to join them in the majority of cases, Tables 3.3, 3.4 and Figure 3.1 show that a larger share of medium & large restaurants responded that food delivery platforms had helped them get proper licenses, had helped them onboard and even provided training.

Figure 3.1 Platform Offered Training/Orientation for Using the App (% of platform restaurants)



Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(6) =33.4139 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(6) =19.3174 Pr = 0.004. This means that the differences across restaurant sizes are statistically significant.
3. All may not add up to 100 due to missing responses.

3.3.3 Platforms gave advice on packaging to micro and small restaurants and Tier 3 restaurants

32.5 per cent of platform restaurants responded that no advice was given (Table 3.5). However, many other restaurants responded that they did receive advice from platforms on pricing of items, packaging, advertising on platforms, offering discounts on special occasions and rating issues. For example, 46.6 per cent of platform restaurants responded to receiving advice on packaging. The corresponding numbers for Tier 1, Tier 2 and Tier 3 cities were 47.7 per cent, 37.9 per cent and 56.8 per cent, respectively. 41.3 per cent of restaurants responded that they received advice on offering discounts on special occasions. 40 per cent of restaurants received advice on pricing of items and advertising on platforms.

While the previous sections indicated a bias towards 'medium & large' restaurants, Table 3.5 shows that a larger share of micro and small restaurants reported getting advice. However, barring packaging for micro restaurants, the absolute shares remained below 50 per cent for all restaurants across restaurant size.

Since the time of the Survey, the packaging of food has evolved to more sustainable methods. Zomato launched its Plastic-Free Future Program for restaurants to encourage the adoption of sustainable packaging solutions for food deliveries (Kumar 2024).

Table 3.5 Types of Advice Given by Food Delivery Platform to Restaurants (% of platform restaurants)

Type of Restaurant	No Advice given[2]	Pricing of Items[3]	Packaging[4]	Advertise on platform[5]	Offering discounts on special occasions[6]	Rating Issues[7]	Differs platform-wise[8]	Other
All	32.5	40.0	46.6	40.0	41.3	33	9.5	0.9
	Type of City							
Tier 1	28.2	42.6	47.7	43.0	43.3	36.1	12.9	1.3
Tier 2	44.4	31.4	37.9	31.4	36.0	23.5	3.9	0.7
Tier 3	27.4	45.3	56.8	44.2	43.2	37.9	7.4	0
	Restaurant Size (number of Workers)							
Micro (fewer than 10 workers)	31.4	44.1	52.0	38.6	39.9	36.3	10.8	1.0
Small (10 to 49 workers)	32.9	39.4	43.2	43.9	46.5	38.1	10.3	0.6
More than 50 workers	36.3	30.4	37.3	40.2	39.2	16.7	4.9	1.0

Source: NCAER Restaurants Survey 2023.

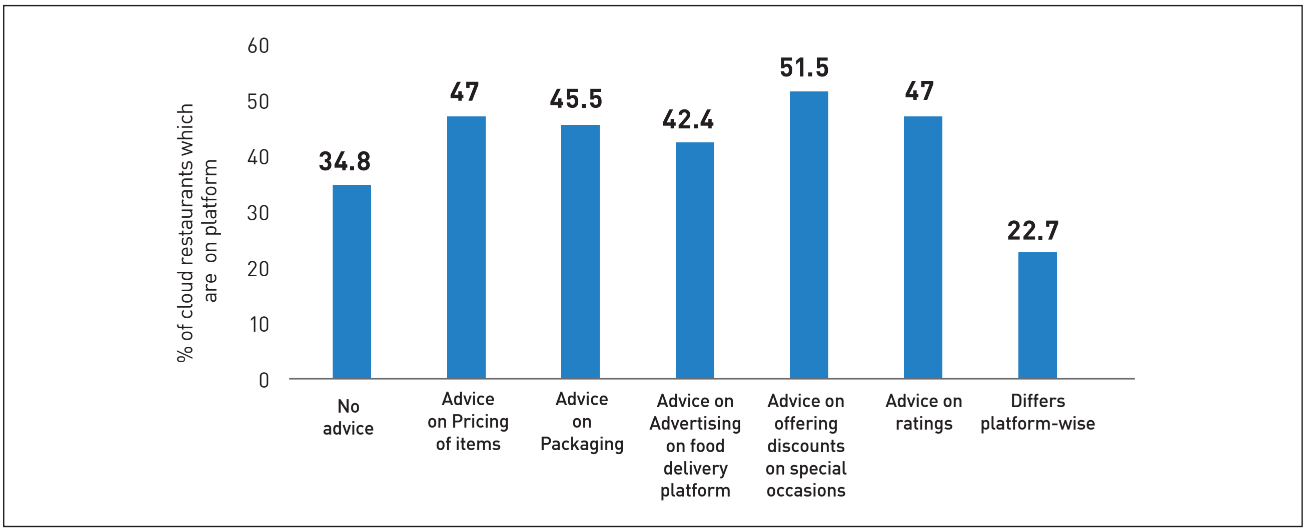
Notes:

1. Multiple options were possible and so row sums do not add up to 100 per cent.
2. The results for no advice given are statistically significant across both city tiers but not size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 13.7730 Pr = 0.001.
3. The results for advice given on pricing are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 6.7609 Pr = 0.034. Restaurant Size: Pearson Chi-square(2) = 7.0134 Pr = 0.030.
4. The results for advice given on packaging are statistically significant across both city tiers and size of restaurants (measured by workers). Pearson Chi-square(2) = 8.7910 Pr = 0.012. Restaurant Size: Pearson Chi-square(2) = 8.9424 Pr = 0.011.
5. The results for advice given on advertising on platforms are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 6.7609 Pr = 0.034. Restaurant Size: Pearson Chi-square(2) = 7.0134 Pr = 0.030.
6. The results for advice on offering discounts on special occasions on platforms are not statistically significant across either city tiers or size of restaurants (measured by number of workers).
7. The results for advice given on ratings are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 8.5808 Pr = 0.014. Restaurant Size: Pearson Chi-square(2) = 16.5471 Pr = 0.000.
8. The results for advice differs platform-wise are statistically significant across both city tiers but not size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 10.1873 Pr = 0.006.

Interestingly, platforms were giving advice on marketing techniques to the platforms. The survey suggests that food delivery platforms did not offer restaurants advice on food quality or menu etc. This is interesting because this shows that platforms are non-interfering in terms of restaurants' own production processes. Food delivery platforms give advice in such a way that restaurants could maximise the benefit from platforms that are mutually beneficial to both. On the flip side it may be interpreted that new restaurants or cloud restaurants were at a disadvantage as there was no guidance or advisory coming from platforms to mentor them to grow (Figure 3.2). About a third of the cloud restaurants on the platform reported getting no advice from food delivery platforms. 52 per cent of cloud restaurants on platforms reported getting advice on discounts on special occasions.

Both Table 3.5 and Figure 3.2 show that behaviour of food delivery platforms are broadly similar in that regard; a relatively small share of restaurants reported differing patterns across platforms. The impact of food delivery platforms on restaurants will be analysed in Chapter 5.

Figure 3.2 Type of Advice Offered to Cloud Restaurants (% of cloud restaurants that are on food delivery platforms)

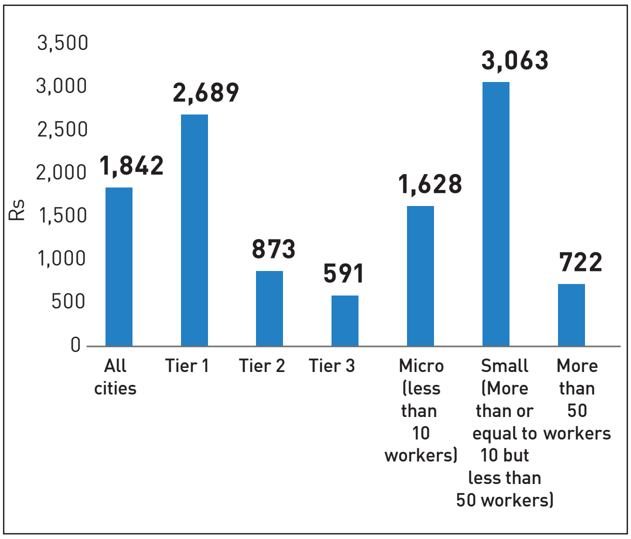


Source: NCAER Restaurants Survey 2023.
Notes: Multiple options were possible and so may not add up to 100 per cent. C

3.3.4 More awareness is required about onboarding fee and contracts

The average onboarding fee was Rs. 1,841.8 for all India (Figure 3.3). However, it varied a lot between the type of city. Medium to large restaurants with more than 50 workers paid the lowest average on-boarding fee of Rs 722. The average onboarding fee paid by restaurants in Tier 3 cities was Rs 591.

Figure 3.3 Average Onboarding Fee (Rs)



Source: NCAER Restaurants Survey 2023.

Notes: There average onboarding fee are statistically different from the average across city tiers and restaurants size (number of workers.

Restaurants were probed about whether they pay a single onboarding/registration fee for all services or a separate fee for each service, namely, physical food delivery, discovery, receiving and managing orders and payments. There was a high non-response rate of 70.9 per cent suggesting lack of awareness on this issue. 22.8 per cent responded that there was a single fee for all services. 5.8 per cent responded that there was a separate fee for each service and 0.5 per cent responded that there was no choice about a separate fee for each service. Broadly, the results are similar across city types and firm sizes. In medium and large restaurants, 16.5 per cent of restaurants said that they paid a single fee for all services, 10.5 per cent said that they paid a separate fee for each service and 73.3 per cent did not respond to this question[12].

Restaurants were probed about the information in the contract that they sign with platforms. 20.8 per cent of respondents were not aware about the information in the contract (Table 3.6). In Tier 3 cities, 34 per cent of platform restaurants responded that they were not aware about the information contained in the contract. 65.6 per cent of platform restaurants said that it contained general terms and conditions. 41 per cent of restaurants (each) responded that it contained information on commissions and payments. Later this question was posed in a different way and then a larger share of restaurants responded affirmatively on this question. 40 per cent of restaurants said that it contained information about selling on one food delivery platform.

Table 3.6 suggests different dynamics at play in Tier 3 cities. While 52 per cent of respondents in Tier 3 cities said that the contract contained information about general terms and conditions (lower than the all-cities average), a higher share of respondents compared to the national average said that the contract contained information about selling on the one food delivery platform only, price parity, website usage, commissions, payments and disclaimer policy.

Further, Table 3.6 shows that while 78.4 per cent of restaurants with more than 50 workers responded that the current contract contained information on general terms and conditions, a larger share of small and medium restaurants responded positively on the other types of information the contract contained. The question is whether micro and small restaurants more aware about the contract or are there different contracts based on the size of restaurants. For example, 48.7 per cent of micro restaurants and 42.6 per cent of small restaurants said the contract contained a clause on selling on one food delivery platform. However, only 12.7 per cent of medium to large restaurants responded affirmatively on that question. As mentioned in Chapter 1, Feldman,

[12]Pearson chi2(4) = 11.8967 Pr = 0.018. This means that the differences across restaurant sizes are statistically significant.

Frazzel and Swinny (2022) argue that the problem lies in the nature of the contract which we would have to examine. This is beyond the scope of this work since we did not ask for contract details.

Limited awareness and information characterised this process of onboarding i.e. restaurants are not aware of what they are signing and paying for when they pay the fee.

Table 3.6 Information Contained in the Current Contract (% of platform restaurants)

Type of Restaurant	Not aware[2]	General terms & conditions[3]	Sell on the one food delivery platform only[4]	Price Parity[5]	Website usage[6]	Commissions[7]	Payments[8]	Disclaimer Policy[9]	Other (No contract given)[2]
All	20.8	65.6	40.2	26.6	22.2	41.1	40.9	12.4	0.5
	Type of City								
Tier 1	21.9	68.3	38.2	26.0	23.2	42	42.6	10.3	0.9
Tier 2	9.8	68	40	24.8	16.3	37.9	32	17.0	No data
Tier 3	34.7	52.6	47.4	31.6	28.4	43.2	49.5	11.6	No data
	Restaurant Size (number of workers)								
Micro (fewer than 10 workers)	18.6	65.4	48.7	33.0	26.1	44.4	46.1	13.1	1.0
Small (10 to 49 workers)	25.8	59.4	42.6	27.1	27.1	41.9	44.5	12.9	0.0
More than 50 workers	20.6	78.4	12.7	7.8	3.9	31.4	21.6	9.8	0.0

Source: NCAER Restaurants Survey 2023.

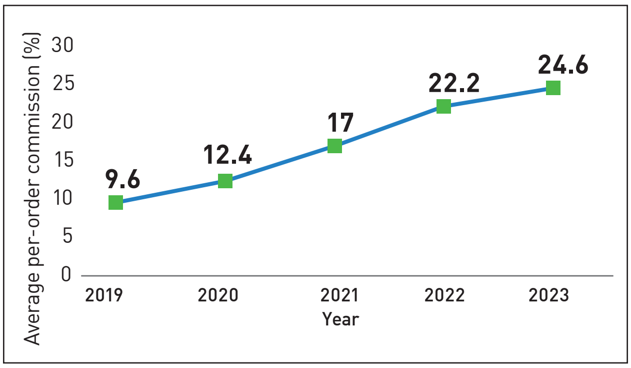
Notes:

1. Row sums may not add up to 100 per cent as multiple options were possible.
2. The results for 'not aware' are statistically significant across city tiers but not restaurant size (number of workers). Type of City: Pearson Chi-square(2) = 22.6753 Pr = 0.000.
3. The results for 'general terms & conditions' are statistically significant across city tiers and restaurant size. Type of City: Pearson Chi-square(2) = 8.5232 Pr = 0.014. Restaurant size: Pearson Chi-square(2) = 8.2622 Pr = 0.016.
4. The results for 'sell on the one food delivery platform only' are statistically significant across restaurant size but not type of city. Restaurant size: Pearson Chi-square(2) = 22.6753 Pr = 0.000.
5. The results for 'price parity' are statistically significant across restaurant size but not type of city. Restaurant size: Pearson Chi-square(2) = 25.7966 Pr = 0.000.
6. The results for 'website usage' are statistically significant across city tiers and restaurant size. Type of City: Pearson Chi-square(2) = 5.3506 Pr = 0.069. Restaurant size: Pearson Chi-square(2) = 25.3131 Pr = 0.000.
7. The results for 'commissions' are statistically significant across restaurant size but not type of city. Restaurant size: Pearson Chi-square(2) = 6.3303 Pr = 0.042.
8. The results for 'payments' are statistically significant across city tiers and restaurant size. Type of City: Pearson Chi-square(2) = 8.2686 Pr = 0.016. Restaurant size: Pearson Chi-square(2) = 21.3926 Pr = 0.000.
9. The results for 'disclaimer' are not statistically significant across either restaurant size or type of city.

3.3.5 Per-order commissions have increased over time

The average 'per-order' commission has increased from 9.6 per cent in 2019 to 24.6 per cent in 2023 (Figure 3.4). This result is in line with the literature outlined in Chapter 1 that the average per-order commission has increased globally and is close to 30 per cent. The differences across restaurant size (number of workers) and type of city are not statistically significant over time.

Figure 3.4 Average Per-order Commission



Source: NCAER Restaurants Survey 2023.

Restaurants want lower per-order commissions but do they have negotiating power over this? Respondents representing restaurants were asked about the transparency and negotiating power over per-order commissions.

Platform restaurants were asked whether they agreed with the statement: I can negotiate 'per-order' commission with the platform. 44.9 per cent of the platform restaurants disagreed with the statement and 55 per cent responded 'average', 'agree' and 'strongly agree'. The share of restaurants that disagreed in Tier 1, Tier 2 and Tier 3 cities were 46 per cent, 49 per cent and 34.7 per cent, respectively. 28.8 per cent of Tier 1 city respondents strongly disagreed with the statement that they could negotiate 'per-order' commission with the platform. The respondents in Tier 3 cities who were more aware about the type of information contained in the contract (Table 3.7) seemed to disagree with the statement less than restaurants in Tier 1 and Tier 2 cites. More information gives more power to restaurants located in Tier 3 to negotiate.

In contrast to the micro and small restaurants, 40 per cent of 'medium' to 'large' restaurants agreed and 8.6 per cent strongly agreed that they could negotiate the 'per-order' commission. 23.5 per cent of micro restaurants strongly disagreed and 24.2 per cent of them disagreed with the statement. Larger restaurants had relatively greater negotiating power than small and micro restaurants. These make intuitive sense. The key conclusion from Table 3.7 is that food delivery platforms and restaurants (all together) had almost equal negotiating power but large restaurants more so.

Table 3.7 Per-order Commissions: I Can Negotiate 'per-order' Commission with the Platform (% of platform restaurants)

Type of Restaurant	Strongly Disagree	Disagree	Average	Agree	Strongly Agree
All	23.1	21.8	30.2	19.8	4.9
	Type of City				
Tier 1	28.8	17.2	31.7	16.9	5.3
Tier 2	16.3	32.7	21.6	22.9	5.9
Tier 3	14.7	20.0	39.0	24.2	2.11
	Restaurant Size (number of workers)				
Micro (fewer than 10 workers)	23.5	24.8	35.0	11.8	4.9
Small (10 to 49 workers)	28.2	17.9	29.5	21.8	2.6
More than 50 workers	14.3	19.0	17.1	40.0	8.6

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(8) = 33.2790 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(8) = 53.1162 Pr = 0.000. This means that the differences across restaurant sizes are statistically significant.
3. The row sums may not add up to hundred per cent as there are missing responses.

39.9 per cent of all platform restaurants either agreed or strongly agreed that they were aware and understood the 'per-order' commission structure (Table 3.8). The corresponding numbers for Tier 1, Tier 2 and Tier 3 cities were 35.1 per cent, 60.2 per cent, and 23.2 per cent, respectively. The corresponding numbers for micro, small and 'medium & large' restaurants were 32.6 per cent, 37.2 per cent and 64.8, respectively. Notably, the responses of the 'medium & large' restaurants were statistically significantly different and larger than micro and small enterprises. Not surprisingly, medium & large restaurants were more aware and understood the 'per-order commission' structure relatively better than micro and small restaurants. Since the majority of restaurants in India and in this sample were micro restaurants, clearly platforms need to do a better job of educating the latter.

Table 3.8 Per-order Commissions: I am Aware of and Understand the 'per-order' Commission Structure (% of platform restaurants)

Type of Restaurant	Strongly Disagree	Disagree	Average	Agree	Strongly Agree
All Cities	11.8	12.9	35.3	31.6	8.3
	Type of City				
Tier 1	16.6	9.7	38.6	28.2	6.9
Tier 2	1.3	16.3	21.6	45.8	14.4
Tier 3	12.6	17.9	46.3	20.0	3.2
	Restaurant Size (number of workers)				
Micro (fewer than 10 workers)	12.1	16.3	38.9	26.1	6.5
Small (10 to 49 workers)	16.7	7.7	38.5	30.8	6.4
More than 50 workers	3.8	10.5	20.0	48.6	16.2

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(8) = 64.4014 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(8) = 46.3382 Pr = 0.000. This means that the differences across restaurant sizes are statistically significant.
3. The row sums may not add up to hundred per cent as there are missing responses.

However, restaurants were on the fence when responding that per-order commissions were acceptable business costs (Table 3.9); 34.8 per cent of all restaurants responded with the 'average' i.e. they neither agreed nor disagreed with the statement. However, 44.4 per cent of respondents in Tier 2 cities either agreed or strongly agreed with it.

Table 3.9	Do you Feel that per-order Commissions are Acceptable Costs for the business you are Generating from the Platform? (% of platform restaurants)

Type of Restaurant	Strongly Disagree	Disagree	Average	Agree	Strongly Agree
All	14.1	18.2	34.8	24.4	7.4
	Type of City				
Tier 1	17.9	16.3	36.7	23.2	6.0
Tier 2	8.5	20.9	25.5	32	12.4
Tier 3	10.5	20.0	43.2	22.1	4.2
	Restaurant Size (number of workers)				
Micro (fewer than 10 workers)	16.0	20.3	36.6	20.9	6.2
Small (10 to 49 workers)	14.7	12.8	34.6	32.7	5.1
More than 50 workers	7.6	20.0	29.5	27.6	14.3

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(8) = 26.0646 Pr = 0.001. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(8) = 22.8266 Pr = 0.004. This means that the differences across restaurant sizes are statistically significant.
3. The row sums may not add up to hundred per cent as there are missing responses.

Across firm size, one finds that a larger share of micro restaurants tended to disagree (36.3 per cent) and small (37.8 per cent) & 'medium & large' (42 per cent) restaurants tended to agree. During the survey, restaurants had accepted that food delivery is the new norm and the pandemic had a significant impact on that behavioural change. They would have preferred that customers come back to dine-in but this was the new norm.

A third of the micro restaurants that dominate the restaurant landscape disagreed that per-order commissions were acceptable costs for the business that one is generating from the platform, a third were neutral and a third agreed with it. In return for per-order commission, the restaurants hope to get higher profits, more customers etc. These issues are explored in the next few chapters. However, a third of the micro restaurants responded that they were getting no advice from platforms and others responded about getting advice on pricing and packaging (Table 3.5). While platforms need to give training, orientation and mentoring to micro and small restaurants, the restaurants need to appreciate that the per-order commission buys them these services.

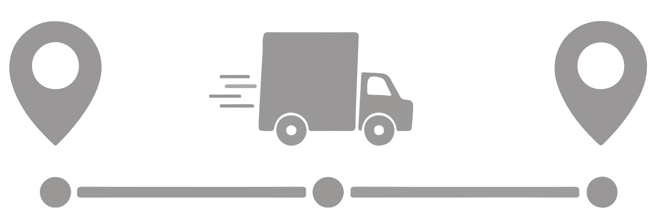


Table 3.10	Whether 'Per-order' Commissions were Written in the Contract? (% of platform restaurants)					
Type of Restaurant	Yes, for all platforms[2]	Yes, for some platforms[3]	Posted on the web & communicated to restaurants on a regular basis via email/SMS/Whatsapp[4]	Posted on the web & restaurants are supposed to check them regularly[5]	Not Posted on the Web and respondents have to check regularly[6]	Others (not aware)[7]
All	53.4	23.5	25.7	11.1	8.6	5.6
	Type of City					
Tier 1	44.2	23.5	13.7	11	10	7.8
Tier 2	62.1	9.8	15.7	15.7	7.2	3.9
Tier 3	70.5	45.3	19.0	4.2	6.3	1.1
	Restaurant Size (number of workers)					
Micro (fewer than 10 workers)	54.2	27.1	22.2	10.5	8.8	6.5
Small (10 to 49 workers)	53.2	19.2	21.2	14.7	12.8	3.2
More than 50 workers	51.4	19.0	19.0	7.6	1.9	6.7

Source: NCAER Restaurants Survey 2023.

Notes:

1. Multiple options were possible and so row sums do not add up to 100 per cent.
2. The responses for 'all platforms' are statistically significant across city tiers but not restaurant size (number of workers). City Tier: Pearson Chi-square(2) = 26.6935 Pr = 0.000.
3. The responses for 'some platforms' are statistically significant across city tiers and restaurant size (number of workers). City Tier: Pearson Chi-square(2) = 41.0449 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 4.9809 Pr = 0.083.
4. The responses on 'posted on the web & were communicated to restaurants on a regular basis via email/SMS/WhatsApp' were statistically significant only for city tiers and not restaurants size. City Tier: Pearson Chi-square(2) = 9.2300 Pr = 0.010.
5. The responses on 'posted on the web & restaurants are supposed to check them regularly' were statistically significant only for city tiers and not restaurants size. City Tier: Pearson Chi-square(2) = 7.8292 Pr = 0.020.
6. The responses on 'not posted on the web and respondents have to check regularly' were statistically significant only for restaurants size and not city tiers. Restaurants Size (number of workers): Pearson Chi-square(2) = 9.4993 Pr = 0.009

Previously, restaurants were asked whether the sign-up contract with food delivery platforms included commissions. Only 41 per cent of restaurants responded affirmatively (Table 3.10). However, when restaurants were asked whether the 'per-order' commissions were written in the contract, 53.4 per cent of platform restaurants responded that it was written in the contract for all platforms and 23.5 per cent responded that it is written in the contract for some platforms (Table 3.10). 21 per cent responded that they were posted on the web & were communicated to restaurants on a regular basis via email/SMS/WhatsApp. 11.1 per cent of the respondents said that the per-order commissions were posted on the web and they had to check it regularly 8.6 per cent of the respondents said they were not posted on the web and they have to check regularly. 5.6 per cent of respondents said that they were not aware.

Markedly, in Tier 3 cities, 70.5 per cent of the platform restaurants responded that the 'per-order' commission was written in the contract for all platforms and 45.3 per cent responded that it was written for some platforms

Last, restaurants were asked that if per-order commissions were increased, who would bear the burden? 66 per cent of the respondents said that they would bear the burden of the increase in per-order commission, 24.3 per cent said the platform and 36 per cent said the customer (Table 3.11). Analysing the data across restaurant sizes, one finds that while the majority of the restaurants responded that they themselves would bear the burden, 39 per cent of 'medium & large' restaurants said that the platform would. This again signals some degree of negotiating power that 'medium & large' restaurants have while negotiating with the platform. But given the structure of the restaurant market, the negotiating ability of small and micro enterprises that dominate the industry is lower.

Table 3.11 Who Bears the Burden in Case 'Per-order' Commissions Rise? (% of platform restaurants)

Type of Restaurant	Platform	Self	Customer	Others*
All	24.3	66	36	2.7
	Type of City			
Tier 1	24.8	67.1	42	2.8
Tier 2	15.7	66.7	27.5	2.6
Tier 3	36.8	61.1	29.5	2.1
	Restaurant Size (number of workers)			
Micro (fewer than 10 workers)	18.6	68.6	38.2	2.9
Small (10 to 49 workers)	25.6	71.2	34.0	1.9
More than 50 workers	39.0	50.5	32.4	2.9

Source: NCAER Restaurants Survey 2023.

Notes: *2 restaurants said that they would exit the platform, one restaurant said that the burden would be divided between the platform and the restaurants and one said between the restaurant and the customer. The remainder said they were not aware.

3.3.6 Summary

The majority of the restaurants had self-onboarded food delivery platforms (52 per cent) and platforms had helped restaurants on-board platforms in 44 per cent of the cases. The share was larger for restaurants in Tier 1 cities. Interestingly, a larger share of small and micro restaurants had self-boarded, whereas the platform had helped a larger share of 'medium & large' restaurants onboard. The food delivery platforms were benign toward the latter i.e. they helped them get licences and even provided training/orientation on how to use the app. However, a larger share of micro and small restaurants responded that they were given advice by the food delivery platforms. Overall, barring packaging of food, advice given by food delivery platforms to restaurants was limited or on the lower side.

The average on-boarding fee was Rs 1,841.8 but there was a large variation and it was the largest for Tier 1 cities and the smallest for Tier 3 cities. The average on-boarding fee was the lowest for medium & large restaurants at Rs 722.

In line with the literature, the survey captures the steady rise of per-order commissions over time. The evidence on restaurants' negotiating power over commissions and understanding of the structure of the commissions were mixed. However, medium & large restaurants had relatively greater negotiating power. Even restaurants' responses on whether the commissions were an acceptable cost were mixed. There was mixed evidence on information contained in the contracts that restaurants signed with platforms. A majority were aware of whether the commissions were written in the contracts (that restaurants signed when joining the platform). The majority of restaurants claimed that they would bear the burden in case of an increase in per-order commissions.

In sum, while trying to attract restaurants, platforms paid more attention to 'medium & large' restaurants. The latter also had more negotiating power than micro and small restaurants. However, the evidence on the contractual relationship between the restaurants and platforms remained mixed and it needs a deeper examination and understanding of the actual contracts. A minority of restaurants were also not aware of the per-order commissions.

The question that arises is why restaurants join a platform.

3.4 Price Setting

Restaurants were probed about their price setting behaviour on food delivery platforms. Restaurants were asked whether prices on the food delivery platform were higher/ lower/ the same as the ones on their own dine-in / website / WhatsApp/ flyer etc. Table 3.13 shows the distribution of responses. Not surprisingly, only 5.8 per cent of all platform restaurants said that it would be lower in all platforms. However, in Tier 3 cities, the corresponding statistic was 12.6 per cent.

About a quarter of the platform restaurants also responded that prices would differ platform-wise. The corresponding statistics for Tier 1, Tier 2 and Tier 3 cities were 22.9 per cent, 30.7 per cent and 25.3 per cent, respectively. Approximately a third of respondents said that it would be higher in all platforms barring respondents in Tier 3 cities, where it was 20 per cent (approximately).

Table 3.12 Comparison of Prices on Food Delivery Platform to One's Own Dine-in / Website / WhatsApp/flyer etc.? (% of platform restaurants)

Type of Restaurant	Lower in all platforms	Higher in all platforms	Same in all platforms	Differs by Platform
All	5.9	29.5	35.3	25.4
	Type of City			
Tier 1	3.8	30.7	39.5	22.9
Tier 2	5.9	32.0	28.1	30.7
Tier 3	12.6	21.1	32.6	25.3

Source: NCAER Restaurants Survey 2023.

Notes:

1. The row sums may not add up to 100 per cent because of missing responses.
2. Pearson Chi-square(8) =25.3420 Pr = 0.001. The results are statistically significant across the city tiers.
3. The results are not statistically significant across the size of restaurants as measured by the number of workers.

Restaurants were also asked a specific question: If they charged Rs 100 for a particular item on the dine-in menu, on average how much would it cost on the platform (for the customer) including delivery charges and taxes etc.? Table 3.13 shows the summary statistics.

If a restaurant charged Rs 100 on their offline menu (dine-in/self-delivery/take-home), then the restaurant would charge on average, Rs 138.5 on the platform and they would receive Rs 113.8 from the platform. An average restaurant in Tier 1 city gets back more than Rs 100 when the same item is sold on the platform versus offline. However, an average restaurant in a Tier 2 city makes approximately the same amount, Rs 100, whether selling online or offline and .an average restaurant in a Tier 3 city earns less than Rs. 100 while selling on the platform.

Table 3.13 How Much would the Same Item Cost on the Platform of Restaurants Charged Rs 100 for a Particular Item on the Dine-in/Self-Delivery/Take-home Menu (Rs)

Type of Restaurant	Average Charge on the Platform if Rs 100 is charged on the Dine-in/ Self-Delivery/ Take-home menu (Rs)	Average Receipt from Platform on the Same Product (Rs)
All cities	138.5	113.8
Tier 1	153.3	128.9
Tier 2	126.5	100.5
Tier 3	108.2	83.5

Source: NCAER Restaurants Survey 2023.

Cumulatively, the results on prices suggest that platform prices are higher in comparison to the off-line menu of restaurants. While restaurants in Tier 1 and Tier 2 cities still get back over and above the price they charge on the platform, the results suggest otherwise for Tier 3 cities. A quarter of the restaurants also quote different prices over different platforms. One then comes back to the same question of what benefits restaurants derive from joining food delivery platforms.

3.5 Benefits from Platforms

3.5.1 How do you decide which food delivery platform to join?

Restaurants were asked what parameters they use to choose a food delivery platform. The three top factors where the share of responses was higher than 50 per cent were delivery charges, wide reach of a platform and better trained food delivery workers (Table 3.14). All types of restaurants whether across cities or across restaurant sizes said that 'better trained food delivery workers' was a variable that affected their choice of a food delivery platform. It is not statistically significant across city tiers and restaurant size. Anecdotally, in a survey, restaurants were quite emphatic about it. The quality of the food delivery worker is a signal about the quality of the food. And this is a potential policy recommendation for food delivery platforms to improve the quality of their workers. Interviews with restaurant owners told us that well-dressed delivery workers--in uniforms, well-behaved and polite--were the attributes that restaurants looked for in delivery workers.

Table 3.14	Factors Restaurants Consider Before Joining Any Food Delivery Platform (% of platform restaurants)

Type of Information	All	Type of City			Restaurant Size (number of workers)		
		Tier 1	Tier 2	Tier 3	Micro (fewer than 10 workers)	Small (10 to 49 workers)	More than 50 workers
Onboarding fees[1]	34.6	37.9	28.8	32.6	36.9	32.1	31.4
Delivery Charges[2]	55.4	60.5	46.4	52.6	58.2	54.5	48.6
Wide Reach of a Platform[3]	51.3	51.4	52.3	49.5	51.0	49.4	55.2
Better Trained Food Delivery Workers[4]	54.3	53.9	57.5	50.5	55.6	50.0	56.2
Projected Profit on a Platform[5]	43.4	50.2	34.0	35.8	39.5	50.6	43.8
Data Analytics on Restaurant Sales[6]	39.0	41.1	37.9	33.7	37.3	42.9	38.1
Post-joining Services[7]	25.8	29.2	26.8	12.6	25.8	26.9	23.8
It is a duopoly and therefore sign up on both[8]	12.2	12.9	12.4	9.5	9.8	11.5	20.0
Other	2.8	3.1	3.3	1.1	5.2	0.0	0.0

Source: NCAER Restaurants Survey 2023.

Notes:

1. Column sums do not add up to 100 per cent as respondents could choose multiple options.
2. The results for onboarding fees are neither statistically significant across city tiers nor restaurant sizes (measured by number of workers).
3. The results for delivery charges are statistically significant across city tiers but not for restaurant sizes (measured by number of workers). City Tier: Pearson Chi-square(2) = 8.6638 Pr = 0.013.
4. The results for wide reach of the platform are neither statistically significant across city tiers nor restaurant sizes (measured by number of workers).
5. The results for better trained food delivery workers are neither statistically significant across city tiers nor restaurant sizes (measured by number of workers).
6. The results for projected profit on a platform are both statistically significant across city tiers and restaurant sizes (measured by number of workers). City Tier: Pearson Chi-square(2) = 13.6885 Pr = 0.001. Restaurant Size: Pearson Chi-square(2) = 5.1910 Pr = 0.075.
7. The results for data analytics on restaurant sales are neither statistically significant across city tiers nor restaurant sizes (measured by number of workers).
8. The results for post-joining services are statistically significant for city tiers but not restaurant sizes (measured by number of workers). City Tier: Pearson Chi-square(2) = 10.5717 Pr = 0.005.
9. The results for post-joining services are statistically significant for restaurant sizes but not types of cities. Restaurant Size (number of workers): Pearson Chi-square(2) = 7.6838 Pr = 0.021.

3.5.2 Benefits of Being on a Platform

The top benefit from being on a food delivery platform was the desire to be part of a network (66.7 per cent). Other reasons (where the percentage shares of responses were greater than 50 per cent) were online presence, advertisement, assurance of quality to customers, increase in area of operations (Feldman, Frazelle and Swinney 2023) and increase in number of customers (Li and Wang 2021).

Table 3.15	Benefits from Joining Food Delivery Platforms (% of platform restaurants)						
Type of Benefit	All	Type of City			Restaurant Size		
		Tier[1]	Tier[2]	Tier[3]	Micro (fewer than 10 workers)	Small (10 to 49 workers)	More than 50 workers
Online Presence[1]	50.6	48.6	64.1	35.8	44.1	46.8	75.2
Advertisement[2]	54.3	52.7	66.7	40.0	52.0	46.8	72.4
Assurance of Quality to Customers[3]	51.5	48.0	58.2	52.6	52.3	54.5	44.8
Assurance of safety to customers during Covid-19[4]	42.9	40.1	42.5	52.6	44.4	43.6	37.1
Network[5]	66.7	66.7	71.2	59.0	67.6	67.3	62.9
Higher Earnings[6]	45.9	48.0	51.6	29.5	44.4	51.3	41.9
Increase in Area of Operations[7]	51.5	50.1	59.5	42.1	48	44.9	71.4
Increase in Customers[8]	56.3	56.1	63.4	45.3	52.9	55.1	67.6
Reduce Wastage[9]	25.9	25.4	31.4	19.0	28.1	30.8	12.4
Manage Cash Flow[10]	19.9	18.8	27.5	11.6	19.9	24.4	13.3
Overcome downturns[11]	14.1	11.9	22.9	7.4	12.7	22.4	5.7
Increase orders during non-peak period[12]	21.2	16.3	30.7	22.1	22.5	27.6	7.6
Other	0.5	0.3	1.3	0.0	0.3	1.3	0.0

Source: NCAER Restaurants Survey 2023.

Notes:

1. The results for online presence are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 19.9292 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 31.5471 Pr = 0.000.
2. The results for advertisement are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 17.6029 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 18.0499 Pr = 0.000.
3. The results for quality assurance to customers are not statistically significant across either city tiers or size of restaurants (measured by workers).
4. The results for assurance of safety to customers during Covid-19 are statistically significant across city tiers but not size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 4.6869 Pr = 0.096.
5. The results for network are not statistically significant across either city tiers or size of restaurants (measured by workers).
6. The results for higher earnings are statistically significant across city tiers but not size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 12.8964 Pr = 0.002.
7. The results for increase in area of operations are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 7.3903 Pr = 0.025. Restaurant Size: Pearson Chi-square(2) = 20.9064 Pr = 0.000.
8. The results for increase in customers are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 7.8399 Pr = 0.020. Restaurant Size: Pearson Chi-square(2) = 6.9564 Pr = 0.031.
9. The results for reducing wastage are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 4.8199 Pr = 0.090. Restaurant Size: Pearson Chi-square(2) = 12.6928 Pr = 0.002.
10. The results for managing cash flow are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 9.8265 Pr = 0.007. Restaurant Size: Pearson Chi-square(2) = 4.7809 Pr = 0.092.
11. The results for overcoming downturns are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 14.5354 Pr = 0.001. Restaurant Size: Pearson Chi-square(2) = 15.5012 Pr = 0.000.
12. The results for 'increase orders during non-peak period' are statistically significant across both city tiers and size of restaurants (measured by workers). City Tier: Pearson Chi-square(2) = 14.5354 Pr = 0.001. Restaurant Size: Pearson Chi-square(2) = 15.5012 Pr = 0.000.

Markedly, restaurants from Tier 2 cities stand out. Approximately 70 per cent of platform restaurants from Tier 2 cities joined the food delivery platform in order to join a network. And 51.6 per cent of restaurants in Tier 2 cities joined for higher earnings.

Across restaurant size, medium & large restaurants behaved in a different manner from micro and small restaurants. The majority of medium and large restaurants cited the following reasons for joining food delivery platforms – online presence, advertisement, network and increase in customers. The majority of micro and small restaurants cited 'assurance of quality to customers' as a benefit of joining food delivery platforms. Restaurants, especially micro and small ones, signal 'quality' by being on the food delivery platform.

Table 3.15 informs us that the perceived benefits of joining platforms like networking (66.7 per cent), advertisement (54.3 per cent), assurance of quality to customers (52 per cent), and online presence are equally important to restaurants as increase in area of operations and increase in customers. Only 45 per cent of platform restaurants responded that higher earnings was a reason to join food delivery platforms.

3.6 Summary

Restaurants join food delivery platforms so they can be part of a network, have an online presence, advertisement, assurance of quality to customers, increase in area of operations and increase in number of customers. The three top factors that affected restaurants' choices to join a food delivery platform were delivery charges, wide reach of a platform and better trained food delivery workers. Generally, platforms charge differently for their offline menus versus online ones (i.e. the ones on the platform).

While they responded that it could be either the same or higher across all platforms or it could be different across all platforms, a price experiment suggests that they were higher and restaurants did receive back some additional returns over and above what they charged for their offline food items. However, how much they receive back depends on the type of city. While Tier 1 cities received more than what they would charge on the platform, an average restaurant in Tier 2 city received approximately the same amount and an average restaurant in a Tier 3 city received less.

A larger share of restaurants boarded a platform on their own. The evidence on training/ orientation/ advice received from platforms were mixed. The evidence suggests that food delivery platforms charged medium and large restaurants relatively lower on-boarding fees, gave them training and orientation and hand-held them through licensing/ registration processes. Restaurants gave training and advice to micro firms on packaging.

The per-order commission rates have gone up over time. There is an on-boarding fee but there is lack of clarity on the part of restaurants what these fees cover. The restaurants were unaware of the details. A third of the micro restaurants did not think the commission fees were an acceptable business cost.

Chapter - 4

Restaurants' Experience of Being on the Food Delivery Platform and Exit Plans

This chapter assesses the restaurants' experiences of food delivery platforms by providing evidence on how they serve as a technological extension of a restaurant's business, influencing everything from order taking to marketing. Platforms are a single source for essential services like inventory management, advertising and financial accounts that are critical for small businesses that cannot afford separate solutions. Platforms help restaurants extend their peak hours. Platforms provide a growing revenue stream to restaurants. The average share of revenue of restaurants coming from food delivery platforms went up from 22.1 per cent in 2019 to 28.8 per cent in 2023. Platforms were sharing information with restaurants about customers. However, there was wide variation in the sharing of information. Platforms should provide more data to restaurants especially to micro and small restaurants. They can further enhance its value by standardising and increasing the clarity of the information that they share, thereby empowering all restaurants, especially those in Tier 3 cities. Restaurants want lower commissions and a stronger Grievance Redressal Mechanism.

4.1 Introduction

The objective of this chapter is to understand the restaurants' experiences of being on the food delivery platform and how platforms influence their core business functions. The chapter will provide evidence on how platforms serve as a technological extension of a restaurant's business, influencing everything from order-taking to marketing.

To understand restaurants' experiences of food delivery platforms, one has to first understand daily restaurant operations and where food delivery platforms can have influence. Restaurants need to make several operational and human resource changes to enable food delivery through online platforms (Bari et al. 2024; Foodserviceindia website; Indeed. com). They are:

- Point of sale (Bari et al. 2024): This includes functions like
  - Order taking
  - Payment processing
- Menu development, inventory management and pricing strategies (foodserviceindia website)
  - Menu Development: This involves selecting dishes that align with the restaurant's concept and target market.
  - Pricing strategies: This involves considering factors like the quality and quantity of ingredients, portion sizes, and overall dining experience.
  - Inventory management: This involves monitoring stock levels of a wide range of items, including groceries, non-food items, supplies, and drinks.
- Food
  - Food sourcing (foodserviceindia website): This process involves identifying sources for ingredients used for food preparation.
  - Food preparation: This "involves the systems and processes used by kitchen staffers to prepare and cook menu items and quality control" (Indeed.com).
  - Quality control (foodserviceindia website): This involves "inspecting ingredients

to ensure they're fresh and not spoiled, monitoring cooking processes to ensure they're cooked well, and tasting dishes".

- Reservation and table management system: "This involves optimising seating capacity and improving the dining experience" (Bari et al. 2024).
- Human resource management: Chefs, servers, hosts and managers (foodserviceindia website) are typically employed by restaurants. Chefs cook the food and servers serve it. Hosts greet guests, manage reservations, and allocate seating. Managers handle overall restaurant operations. Restaurants in India may also have their own service delivery workers.
- Customer relationship management (Bari et al. 2024)
- Mobile ordering and delivery platforms (Bari et al. 2024): Engagement with food delivery platforms. Bari et al. (2024) suggests that this may be integrated into point-of-sale systems.
- Financial management and accounting: This is part of the production process to manage budget and accounts.
    - Restaurant cleaning and sanitation protocols (foodserviceindia website): This ensures a safe dining environment and customer satisfaction & perception.
- Advertising and marketing: This is part of the production process for outreach to customers and to attract them to the restaurant.

4.2 Restaurants used the Food Delivery App for Inventory Management

Table 4.1 Did You Use the Food Delivery App to Manage/Maintain Inventory? (% of platform restaurants)

Type of Restaurant	Yes	No	Used Own App	No response
All	37.4	49.7	10.6	2.3
	Type of City			
Tier 1	36.4	54.6	7.2	1.8
Tier 2	41.2	40.5	16.3	2.0
Tier 3	34.7	48.4	12.6	4.2
	Size of Restaurant (number of workers)			
Micro (fewer than 10 workers)	35.9	57.8	3.9	2.3
Small (10 to 49 workers)	52.6	40.4	4.5	2.5
More than 50 workers	19.0	40.0	39.0	2.0

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(6) =14.8825 Pr = 0.021. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(6) =127.5764 Pr = 0.000. This means that the differences across restaurant size as measured by workers are statistically significant.

Restaurants were asked that if they used the food delivery app for inventory management. 37.4 per cent of all platform restaurants reported using it (Table 4.1). Then they were asked how helpful it was. The majority, who used the platform for inventory management, found it helpful (Table 4.2). However there were variations by type of city and restaurant size. While the majority of restaurants using the app in Tier 1 and Tier 2 cities found the app helpful, it was the reverse in Tier 3 cities. It is even starker in the case of restaurant sizes. 95 per cent of medium and large restaurants that had used the food delivery app found it helpful for inventory management.

Table 4.2 If You Used the Food Delivery App for Inventory Management, How Helpful was the App? (% of platform restaurants that used the food delivery app for inventory management)

Type of Restaurant	Not Helpful	Somewhat Helpful	Average	Helpful	Very Helpful
	Type of City				
Tier 1	2.6	10.3	21.6	40.5	24.1
Tier 2	6.4	6.4	34.9	39.7	12.7
Tier 3	24.2	12.1	33.3	27.3	3.0
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	10.9	10.9	31.8	36.4	9.1
Small (10 to 49 workers)	3.7	9.8	26.8	42.7	17.1
More than 50 workers	0.0	0.0	5.0	30.0	65.0

Source: NCAER Restaurants Survey 2023

Notes:

1. Pearson Chi-square(8) = 30.1357 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(8) = 42.7310 Pr = 0.000. This means that the differences across firm size as measured by workers are statistically significant.

4.3 Planning and Designing Menus

Restaurants were asked if the food delivery app had helped them in planning and designing their menu on the platform. The majority of platform restaurants (56 per cent) responded that they used the food delivery platform in planning and designing the menu, but only 18 per cent found it helpful (Table 4.3).

Table 4.3	How Helpful are the Food Delivery Platform/s in Planning & Designing Your Menu on the Platform/s (% of platform restaurants)					
Type of Restaurant	Design own menu	Not Helpful	Somewhat Helpful	Average	Helpful	Very Helpful
All	41.8	14.1	10.2	13.8	12.7	5.1
	Type of City					
Tier 1	29.8	17.2	13.2	15.4	14.1	7.5
Tier 2	66.0	12.4	4.6	6.5	6.5	2.6
Tier 3	43.2	6.3	9.5	20.0	17.9	1.1
	Size of Restaurant (number of workers)					
Micro (fewer than 10 workers)	41.8	16.0	10.8	15.7	10.1	2.9
Small (10 to 49 workers)	34.6	16.7	10.9	11.5	18.6	6.4
More than 50 workers	52.4	4.8	7.6	11.4	11.4	9.5

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(10) =71.0813 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(10) =28.7246 Pr = 0.001. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

Across city tiers, 66 per cent of restaurants in Tier 2 cities responded that they designed their own menu. In Tier 1 cities, 21.6 per cent of restaurants responded to food delivery platform/s as either helpful or very helpful in this regard but 30.4 per cent found them either of no help or somewhat helpful. In the Tier 3 city group, the corresponding number was 43.2 per cent. However, 18 per cent of restaurants in Tier 3 city did find food delivery platform/s helpful in designing their menu.

Across city sizes, the majority of restaurants in the 'medium & large' category were designing their own menu. 18.6 per cent of small restaurants found food delivery platform/s helpful and 6.4 per cent of them found them 'very helpful'.

In sum, only 40 per cent of restaurants were designing their own menus on the platform. Within the remaining 60 per cent, a larger share did not find food delivery platform/s app helpful or of limited help. But it is the micro and small restaurants that turn to food delivery platform/s for guidance on menu design on the platform.

4.4 Advertising and Marketing

Advertising and marketing is part of the production process to reach out to customers and attract them to the restaurant. In the initial focus group discussions during pre-testing, restaurants gave the NCAER team feedback that food delivery platforms were consistently persuading them to advertise on platforms or give special discounts during special days or seasons. This added a financial burden on restaurants. The Hindu (2025) also refers to restaurants' concerns about hidden charges, advertising fees etc. Therefore, restaurant behaviour on advertising and marketing on platforms is analysed here.

65.1 per cent of platform restaurants advertised and/or gave discounts on the food delivery platform/s and participated in special campaigns. This is in contrast to only 50.7 per cent of non-platform restaurants.

Of the platform restaurants, 17.6 per cent preferred to give advertisements via food delivery platforms, 13.9 per cent via their own communication channels, 30.9 per cent using both mediums and 37.4 per cent preferred to give none (Table 4.4).

Table 4.4 What Mode do You Prefer for Giving Your Discounts/Advertisements? (% of platform restaurants)

Type of Restaurant	Via Platforms	Via Own Communication Channels	Both	Do not give advertisements/ discounts
All	17.6	13.9	30.9	37.4
	Type of City			
Tier 1	15.7	12.2	34.2	37.9
Tier 2	15.7	14.4	27.5	41.8
Tier 3	27.4	19.0	25.3	28.4
	Size of Restaurant (number of workers)			
Micro (fewer than 10 workers)	22.6	13.4	28.1	36.0
Small (10 to 49 workers)	11.5	14.7	41.7	32.1
More than 50 workers	12.4	14.3	22.9	49.5

Source: NCAER Restaurants Survey 2023.

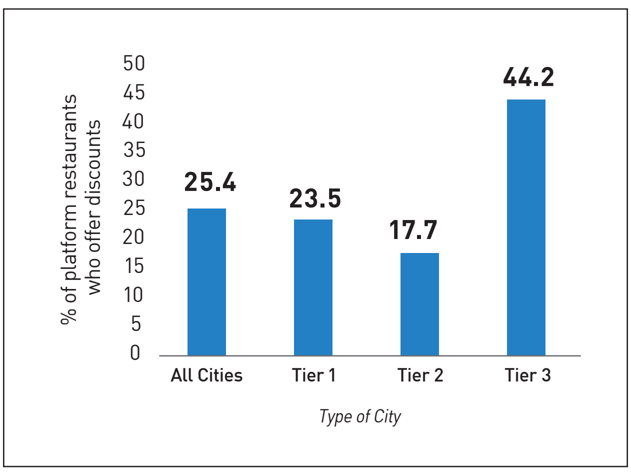
Notes:

1. Pearson Chi-square(6) =14.0612 Pr = 0.029. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(6) =23.6217 Pr = 0.001. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

Of the platform restaurants that preferred to give advertisements via food delivery platforms, 96 per cent actually gave advertisements on food delivery platform/s. Of the platform restaurants that preferred giving advertisements via their own communication channels, 96.2 per cent also advertised on food delivery platform/s. 100 per cent of the platform restaurants, that used both mediums for advertisements, actually gave advertisements on food delivery platforms. Of all the platform restaurants that prefer giving no advertisements/discounts, 10.4 per cent actually gave advertisements on platforms. In sum, despite varied preferences, restaurants ended up giving advertisements/ discounts on food delivery platforms.

Restaurants were asked if it was mandatory to offer discounts on food delivery platform/s during special campaigns (Figure 4.1). Only a quarter responded that it was mandatory. In Tier 3 cities, 44.2 per cent of restaurants perceived that it was mandatory.[14] The responses across firm size (measured in number of workers) was not statistically significant. Of all the platform restaurants that reported that it was mandatory to offer discounts on food delivery platform/s during special campaigns, 94.4 per cent actually advertised on food delivery platform/s.

Figure 4.1 Was it Mandatory to Offer Discounts on Food Delivery Platform/s during Special Campaigns?



Source: NCAER Restaurants Survey 2023.

Notes:

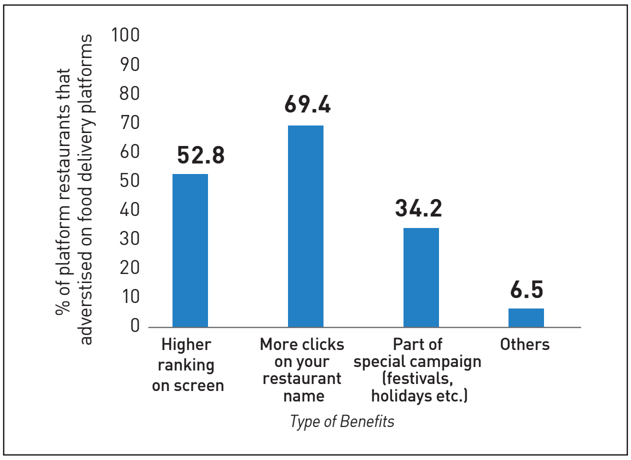
1. Pearson Chi-square(2) = 10.9958 Pr = 0.004. This means that the differences across city tiers are statistically significant.
2. The differences across firm size as measured by workers are not statistically significant.

Higher rankings on the screen and more clicks on the restaurant name (Figure 4.2) were the two primary benefits of advertising on food delivery platforms and the majority of restaurants benefitted from it. A small share of restaurants responded that customer awareness and familiarity increased.

In the case of higher rankings on-screen as a benefit of advertising on a platform, overall, 52.8 per cent of platform restaurants that had advertised on food delivery platforms, responded affirmatively (Figure 4.2). Tier wise, 51.6 per cent of platform restaurants in Tier 1, 57 per cent of restaurants in Tier 2 and 51.4 per cent of platform restaurants in Tier 3 that had advertised on food delivery platforms, responded affirmatively. Similarly, 51 per cent of micro restaurants, 64.8 per cent of small restaurants and 18.1 per cent of medium & large restaurants responded affirmatively.

In the case of higher rankings on-screen as a benefit of advertising on a platform, 34.5 per cent of platform restaurants in Tier 1, 32 per cent of restaurants in Tier 2 and 37.9 per cent of restaurants responded affirmatively. 34.6 per cent of micro restaurants, 44.9 per cent of small restaurants and 35.9 per cent of medium & large restaurants responded affirmatively.

Figure 4.2 Benefits that Restaurants Derive from Advertising on Food Delivery Platforms (% of platform restaurants that advertised on food delivery platforms)



Source: NCAER Restaurants Survey 2023.

Notes:

1. Multiple ticks were possible and so the figures do not add up to 100 per cent.
2. The results for 'higher rankings on screen' are statistically significant for restaurant size but not for firms. Restaurant Size (number of workers): Pearson Chi-square(2) = 19.9604 Pr = 0.000.
3. The results for 'more clicks on your restaurant name' are statistically significant for restaurant size but not for firms. Restaurant Size (number of workers): Pearson Chi-square(2) = 6.5591 Pr = 0.038.
4. The results for 'part of special campaign' are neither statistically significant for restaurant size nor for firms.

In the case of more clicks on restaurant name as a benefit of advertising on a platform, 64.8 per cent of platform restaurants (that had advertised on food delivery platform/s) in Tier 1, 82.6 per cent of restaurants in Tier 2 and 67.1 per cent of platform restaurants in Tier 3 that had advertised on food delivery platforms responded affirmatively. 68 per cent of micro restaurants, 71.3 per cent of small restaurants and 67.9 per cent of 'medium & large' restaurants responded affirmatively. Overall, the number was 69.4 per cent (Figure 4.2).

In the case of higher rankings on-screen as a benefit of advertising on a platform, 51.6 per cent of platform restaurants in Tier 1, 57 per cent of restaurants in Tier 2 and 51.4 per cent of restaurants in Tier 3 cities responded affirmatively. 51 per cent of micro restaurants, 64.8 per cent of small restaurants and 18.1 per cent of medium & large restaurants responded affirmatively.

Special Campaigns (2019 to 2023)

Only 24.3 per cent of platform restaurants participated in special campaigns on platforms. Only 37.4 per cent of restaurants that advertised actually participated in special campaigns. Non-platform restaurants did not run any special campaigns on their own during festivals/special days.

28.3 per cent of platform restaurants that were part of special campaigns responded that they had to bear more than 80 per cent of the cost of discounts. 8.7 per cent of these platform restaurants that ran special campaigns bore no cost, 23.9 per cent bore 20 per cent of the cost, 29.7 per cent bore 20 to 40 per cent of the cost, 4.4 per cent responded that they bore 40 to 60 per cent of the cost and another 4.4 per cent responded that they bore 60 to 80 per cent of the cost.

The impact of participating in special campaigns were the following (percentage share of platform restaurants that participated in special campaigns):

- **Revenue:** 74.6 per cent of restaurants experienced increased revenue, 4.4 per cent responded that the revenue remained the same and 17.4 per cent responded that revenue declined.
- **Order volume:** 74.6 per cent of restaurants experienced increased order volume, 7.3 per cent responded that the order volume remained the same and 14.5 per cent responded that order volume declined.

- **Customers:** 82.1 per cent responded that the number of customers increased, 5.1 per cent responded that it remained the same and 8.7 per cent responded that it declined.
- **Visibility ranking on app:** 76.1 per cent responded that visibility increased, 5.8 per cent responded that it remained the same and 14.5 per cent responded that it declined.

Finally, restaurants were asked about the cost-benefit analysis of participating in special campaigns. 21.7 per cent of platform restaurants that participated in special campaigns said that the costs always outweighed the benefits. 9.4 per cent responded 'no loss, no benefit', 40.6 per cent responded that the benefits sometimes outweighed the costs, 16.7 per cent responded that the benefits mostly outweighed the costs and 7.3 per cent responded that the benefits always outweighed the costs.

In sum, 65.1 per cent of platform restaurants advertised and/or gave discounts on the food delivery platform/s and participated in special campaigns, whereas only 50.7 per cent of non-platform restaurants did. Higher rankings on the screen and more clicks on the restaurant name were the two primary benefits of giving advertisements on food delivery platforms and the majority of restaurants benefitted from it.

Regarding special campaigns, 44 per cent of restaurants in Tier 3 perceived that it was mandatory to advertise on food delivery platforms. Only a quarter of the platform restaurants actually participated in special campaigns. While it resulted in higher orders, customers and revenue, restaurants were ambiguous about the cost-benefit analysis.

4.5 Finance and Accounts

4.5.1 Using the Food Delivery App

78.3 per cent of platform restaurants reported using the food delivery platform app for accounting and management. 18.5 per cent of platform restaurants reported not using the food delivery app for financial management at all. 12.6 per cent did not find it helpful and 29.8 per cent found it either helpful or very helpful. Notably, 46.7 per cent of medium & large restaurants found the app either helpful or very helpful in accounting and management (Table 4.5).

23.3 per cent of non-platform restaurants were using computerised software to track sales, revenue etc. 57.5 per cent of non-platform restaurants had dedicated personnel to manage financial accounting, 13.7 per cent had staff that multi-tasked this role and 5.5 per cent had outsourced it. The remainder did not respond.

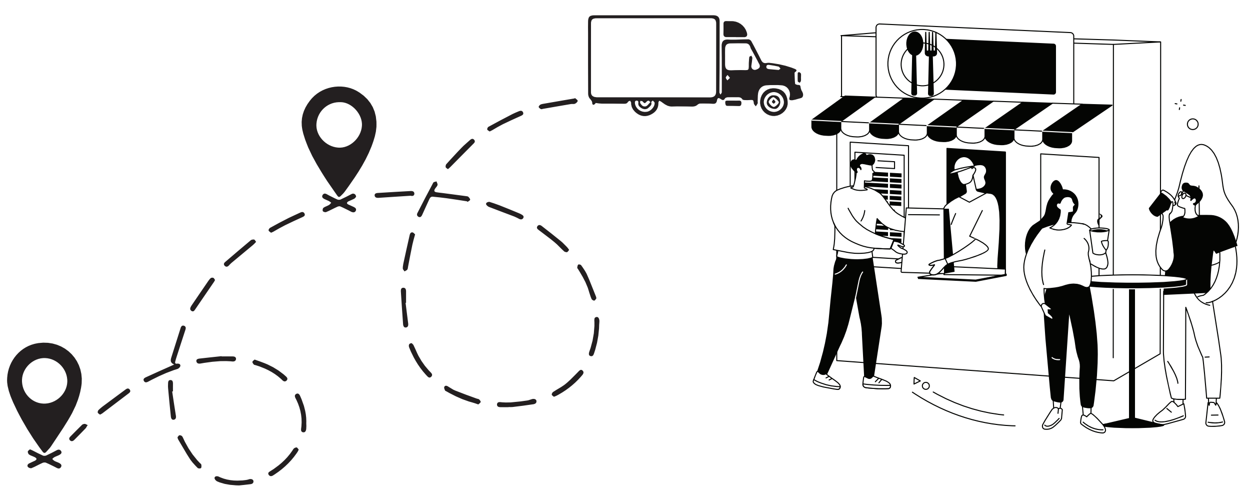


Table 4.5	If You Used the Food Delivery App for Financial Accounting & Management for Your Platform Business, How Helpful was the App? (% of platform restaurants)

Type of Restaurant	Do Not Use At All	Not Helpful	Somewhat Helpful	Average	Helpful	Very Helpful
All	18.2	12.5	11.5	24.5	19.6	10.2
	Type of City					
Tier 1	19.1	18.2	10.7	21.6	15.4	10.7
Tier 2	15.7	5.9	11.8	22.8	29.4	12.4
Tier 3	19.0	4.2	13.7	36.8	17.9	5.3
	Size of Restaurant (number of workers)					
Micro (fewer than 10 workers)	17.7	15.7	12.4	27.5	18.0	5.9
Small (10 to 49 workers)	16.0	12.2	10.9	25.6	18.6	11.5
More than 50 workers	22.9	3.8	9.5	14.3	25.7	21.0

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(12) =43.8646 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(12) =39.4840 Pr = 0.000. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

4.5.2 Platforms provide a growing revenue stream to restaurants

Table 4.6 shows the average share of revenue of restaurants from food delivery platform/s over time. The average share of revenue went up between 2019 and 2023. In Tier 3 cities, between 2022 and 2023, the average share of revenue from food delivery platforms actually dropped. In Tier 1 cities, the share of revenue of restaurants from food delivery platforms reached a third in 2023.

The interesting point to note is that the share of revenue of 'medium and large' restaurants was far lower than the average between 2019 and 22 and only reached the average in 2023. A third of the revenue of small restaurants were coming from food delivery platforms in 2023.

Table 4.6	Average Share of Revenue from Usage of Food Delivery Platforms

Type of Restaurant	2019	2020	2021	2022	2023
All	22.1	24.1	26.3	28.7	28.8
	Type of City				
Tier 1	21.8	24.3	26.8	29.5	31.3
Tier 2	18.0	18.5	21.5	22.9	23.3
Tier 3	30.0	32.8	32.3	35.4	29.7
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	23.4	25.3	26.7	28.8	28.2
Small (10 to 49 workers)	23.8	25.6	27.7	29.9	30.2
More than 50 workers	14.6	17.6	22.7	26.7	28.6

Source: NCAER Restaurants Survey 2023.

Peak Hour/Time

Peak hour/time is when a restaurant gets the maximum orders for food. Restaurants were asked about what was their peak hour/time operations on the platform/s. 32.3 per cent of platform restaurants responded that their peak hour demand for dine-in/self-home delivery were the same as peak hour for delivery via platforms. However, 67.7 per cent of restaurants responded that they were different. This means that food delivery platforms helped restaurants extend their peak hours.

Table 4.7 shows the results. 46 per cent of the platform restaurants responded that the share of orders from food delivery platforms during peak/hour time was 10 to 20 per cent. In the case of medium & large restaurants, the share of orders from food delivery platforms during peak/hour time was between 30 to 50 per cent in case of 16.2 per cent restaurants, double that of all restaurants (8.6 per cent).

94.7 per cent of platform restaurants responded that they were able to fulfill all orders from food delivery services during the peak hour/s. 62.1 per cent responded that they never closed food delivery or showed 'kitchen busy' on the platform during peak hours (Figure 4.3) and 17.3 per cent said that they sometimes did.

Table 4.7 Share of Food Delivery Platform/s During Peak Hour/Time Demand (% share of platform restaurants)

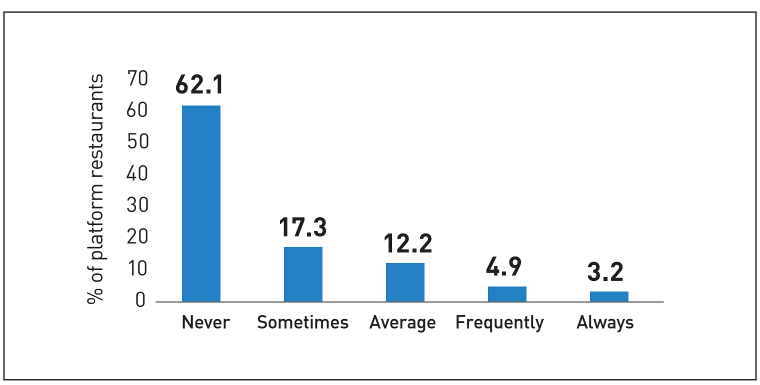
Type of Restaurant	≤10%	>10% & ≤20%	>20% & ≤30%	>30% & ≤50%	> 50%
All	19.9	46.0	21.2	8.6	4.1
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	24.5	46.4	19.6	6.5	2.9
Small (10 to 49 workers)	19.9	46.8	19.9	7.7	5.8
More than 50 workers	6.7	43.8	27.6	16.2	4.8

Source: NCAER Restaurants Survey 2023.

Notes:

1. The differences across city tiers are not statistically significant.
2. Pearson Chi-square(8) = 26.1466 Pr = 0.001. This means that the differences across firm size as measured by workers are statistically significant.

Figure 4.3 Percentage of Platform Restaurants that Closed Food Delivery or Showed 'Kitchen busy' on the Platform During Peak Hours



Source: NCAER Restaurants Survey 2023.

In sum, while restaurants were not dependent on food delivery platforms for revenues or for order generation, they formed an important source of revenue generation for them.

4.6 Platform-Restaurant Relationship

4.6.1 Information Sharing

The majority of platform restaurants responded that food delivery platforms shared customer names with them (Table 4.8). For other types of information, the share of platform restaurants responding affirmatively was less than 50 per cent. 5.3 per cent of platform restaurants also responded that no information was shared with them.

Table 4.8 What Information Do Platform/s Share with You? (% of platform restaurants)

Type of Restaurant	Performance Data	Customer Names	Average Size of Order	Frequency of Order	Most Ordered Item	Grievances Raised
All	33.5	67.4	49.4	49.4	42.3	40.7
	Type of City					
Tier 1	28.8	68.3	53.0	53.6	41.9	43.3
Tier 2	41.8	73.2	43.8	43.1	32.5	48.4
Tier 3	35.8	54.7	46.3	45.3	22.7	20.0
	Size of Restaurant (number of workers)					
Micro (less than 10 workers)	30.1	67.7	50.3	18.0	43.5	33.3
Small (More than or equal to 10 but less than 50 workers)	30.8	69.2	55.1	18.6	45.5	41.7
More than 50 workers	47.6	63.8	38.1	25.7	34.3	61.0

NCAER Restaurants Survey 2023.

Notes:

1. Multiple ticks were possible and so rows do not add up to 100 per cent.
2. The responses on 'performance data' are statistically significant across both city tiers and restaurant size. City Tier: Pearson Chi-square(2) = 8.0974 Pr = 0.017. Restaurant Size: Pearson Chi-square(2) = 11.5367 Pr = 0.003.
3. The responses on 'customer names' are statistically significant across city tiers but not restaurant size. City Tier: Pearson Chi-square(2) = 9.4012 Pr = 0.009.
4. The responses on 'customer phone numbers' are neither statistically significant across city tiers nor restaurant size.
5. The responses on 'average size of order' are statistically significant across restaurant size but not city tiers. Restaurant Size: Pearson Chi-square(2) = 10.4773 Pr = 0.005.
6. The responses on 'frequency of order' are statistically significant across both restaurant size and city tiers. City Tier: Pearson Chi-square(2) = 5.3077 Pr = 0.070. Restaurant Size: Pearson Chi-square(2) = 7.5212 Pr = 0.023.
7. The responses on 'most ordered item' are neither statistically significant across city tiers nor restaurant size.
8. The responses on 'grievances raised' are statistically significant across both restaurant size and city tiers. City Tier: Pearson Chi-square(2) = 21.4508 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 24.7767 Pr = 0.000.

Table 4.8 shows that there were large variations across cities and restaurant sizes. For example, 61 per cent of the medium and large restaurants responded that platforms shared grievances with them but only 33.3 per cent of micro restaurants responded that this information was shared with them. Similarly, while 41.9 per cent of restaurants located in Tier 1 cities shared that the information about most ordered item was shared with them, the corresponding number in Tier 3 was 22.7 per cent. While it would seem that food delivery platforms were sharing some information with restaurants, the large variation among different groups would suggest that the food delivery platforms shared information selectively.[15]

Zomato announced that they would share customer contacts with restaurants after obtaining user consent (Dey 2025). This would address any potential privacy concerns and restaurants' demand for more customer information. Further, this would be done in a systematic manner. Policy changes by one platform may also hopefully influence other platforms to change their behaviour.

Restaurants were asked how they used any of the platforms' apps to make business decisions (e.g. sales of particular products at particular times of the day, customer reviews etc.). 74.3 per cent of platform restaurants used the platform app. However only 13 per cent of platform restaurants were regular users. About a quarter never used it and 37.9 per cent of platform restaurants responded that they used it sometimes (Table 4.9). 55.8 per cent of platform restaurants in Tier 3 cities responded that they used it sometimes. 39.3 per cent of platform restaurants in Tier 2 cities responded that they used it either frequently or always. 37.2 per cent of small platform restaurants and 35.3 per cent of 'medium and large' platform restaurants also used it either frequently or always. Relatively, it is the micro platform restaurants that use this the least.

[15]There are issues of privacy when sharing customers' names and phone numbers. However, the majority of restaurants, especially MS-MEs, can gain from accessing other information such as performance, average size of orders, most frequently ordered, frequency of order and grievances. It could be part of the per-order commission fee that restaurants pay and accessing this information can make them feel that that the commission fee is value for money.

Table 4.9	How Often Do You Use Any of the Platforms' Apps to Make Business Decisions (% of platform restaurants)

Type of Restaurant	Never	Rarely	Sometimes	Frequently	Always
All	25.6	9.2	37.9	14.3	12.9
	Type of City				
Tier 1	23.2	11.9	39.2	19.1	6.6
Tier 2	30.7	5.2	24.2	11.8	27.5
Tier 3	25.3	6.3	55.8	2.1	10.5
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	26.5	11.1	43.1	9.2	10.1
Small (10 to 49 workers)	26.3	7.1	29.5	18.6	18.6
More than 50 workers	21.9	6.7	35.2	22.9	12.4

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(8) =75.4357 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(8) = 27.5876 Pr = 0.001. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

Restaurants were asked whether they understood the payment mechanism and how their payments were computed. Table 4.10 shows that 39.6 per cent of platform restaurants understand it either well or completely. 51.6 per cent of the platform restaurants in Tier 1 cities and 67 per cent of the 'medium & large' platform restaurants understood the payment mechanism either quite well or completely.

33.7 per cent of platform restaurants in Tier 3 cities had limited understanding of the payment mechanism. While a third of the Tier 3 cities' revenue came from food delivery platforms, they had limited understanding of how payments were being computed.

54.8 per cent of the platform restaurants responded that the platform/s had explained how payments were computed. These numbers were not statistically significant across city tiers or restaurant size (as measured by number of workers).

Table 4.10	Do You Understand the Payment Mechanism? (% of platform restaurants)

Type of Restaurant	No	Little Bit	Average	Quite Well	Completely
All	11.5	11.1	37.6	25.0	14.6
	Type of City				
Tier 1	8.2	5.2	30.1	32.03	19.6
Tier 2	12.4	5.2	24.2	11.8	27.5
Tier 3	21.1	12.6	42.1	12.6	11.6
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	14.4	13.1	41.5	21.2	9.8
Small (10 to 49 workers)	9.6	9.6	42.3	23.1	15.4
More than 50 workers	5.7	7.6	19.1	39.1	27.6

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(8) =33.1290 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(8) =47.5642 Pr = 0.000. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

.

Table 4.11	What Do You Think of the 'Fairness' (satisfactory) of Food Delivery Platforms' Practices? (% of platform restaurants)

Type of Restaurant	Unfair	Somewhat Unfair	Average	Somewhat Fair	Completely Fair
All	5.3	12.2	47.1	21.3	13.9
	Type of City				
Tier 1	4.4	15.4	50.5	22.3	7.5
Tier 2	4.6	9.2	32.7	20.9	32.0
Tier 3	9.5	6.3	59	19.0	6.3
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	6.2	13.4	53.6	16.3	10.5
Small (10 to 49 workers)	5.1	11.5	46.2	19.9	17.3
More than 50 workers	2.9	9.5	29.5	38.1	19.1

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(8) = 70.4914 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(8) = 35.9833 Pr = 0.000. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

Despite 30 per cent of platform restaurants wanting lower commissions, transparency about the commission structure and flexible commissions, 47.1 of restaurants perceived that food delivery platform/s practices were neither fair nor unfair (that is 'average') and 35 per cent perceived them to be either fair or completely fair (Table 4.11). This was especially true of platform restaurants located in Tier 2 cities and 'medium and large' restaurants.

Restaurants wanted a permanent manager or at least regular visits between the restaurant and local officials to exchange information, seek information about customers, seek advice, advertise their latest menu, advice on how to increase profits and orders, raise concerns about payment structures, per-order commissions, getting payments on time, making sure delivery workers reach on time, do not take multiple orders and resolve orders etc. This requires a Grievance Redressal Mechanism, which is examined in the next sub-section.

4.6.2 Grievance Redressal Mechanism (GRM)

This section explores questions on the GRM – the mechanisms available, whether platforms get a fair hearing and options to challenge the platform.

How do you get in touch with platforms for Grievance Redressal Mechanism (GRM)?

The majority of platform restaurants responded that the helpline number was the dominant mode used to get in touch (Table 4.12). About a third of the platform restaurants in Tier 3 cities did not know how to get in touch with platforms.

Table 4.12 How do You Get in Touch with Food Delivery Platform/s? (% of platform restaurants)

Type of Restaurant	Don't know	Helpline	Chat Support on App	Point of Contact	Others (Email)
All	13.8	63.8	41.5	33.9	0.5
			Type of City		
Tier 1	11.0	65.5	51.1	39.2	0.6
Tier 2	9.2	66.7	22.9	30.7	0.7
Tier 3	30.5	53.7	39.0	21.1	0.0
			Size of Restaurant (number of workers)		
Micro (fewer than 10 workers)	17.3	63.1	45.8	33.3	0.3
Small (10 to 49 workers)	11.5	68.6	46.8	36.5	1.3
More than 50 workers	6.7	59.1	21.0	31.4	0.0

Source: NCAER Restaurants Survey 2023.

Notes:

1. Multiple options possible.
2. The results for 'do not know' are statistically significant across both city type and restaurant size. City Tier: Pearson Chi-square(2) = 27.3398 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 8.3712 Pr = 0.015.
3. The results for 'helpline' are only statistically significant for city type and not restaurant size. City Tier: Pearson Chi-square(2) = 5.1631 Pr = 0.076.
4. The results for 'chat support on app' are statistically significant across both city type and restaurant size. City Tier: Pearson Chi-square(2) = 34.2293 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 22.3480 Pr = 0.000.
5. The results for 'point of contact' are only statistically significant for city type and not restaurant size. City Tier: Pearson Chi-square(2) = 11.6707 Pr = 0.003.

A platform restaurant responded that they do not care about GRM since anyway platforms do not get back. 1.1 per cent of platform restaurants also requested the physical presence of managers/senior managers who would meet the restaurants periodically to not only address their issues but also advise and guide them.

Rating of GRM

Table 4.13 shows that 49.6 per cent of platform restaurants found the GRM of food delivery platform/s either helpful or very helpful. There were no statistically significant differences across city tiers but across size of restaurants (as measured by numbers). The perception of helpfulness is directly correlated to size. As size goes up, so does the perception of helpfulness. In one of the comments, a restaurant said it had demanded an individual manager for all types of restaurants like the large ones had.

Table 4.13 GRM Rating (% of platform restaurants)

Type of Restaurant	Most Unhelpful	Unhelpful	Neither Helpful Nor Unhelpful	Helpful	Very Helpful
All	6.0	8.1	29.8	40.2	9.4
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	7.8	10.8	32.4	34.0	6.9
Small (10 to 49 workers)	5.8	4.5	29.5	44.9	10.9
More than 50 workers	1.0	5.7	22.9	51.4	14.3

Source: NCAER Restaurants Survey 2023.

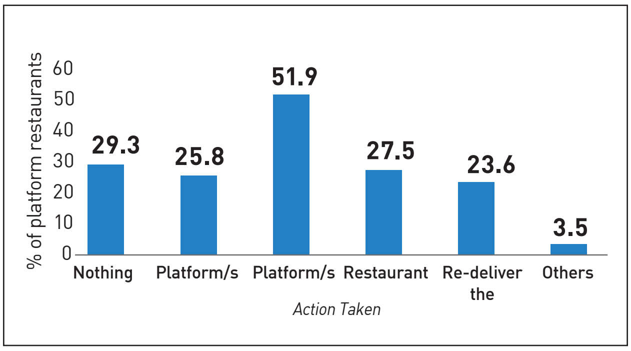
Notes:

1. The differences across city tiers are not statistically significant.
2. Pearson Chi-square(10) =30.3722 Pr = 0.001. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

What happens if you delay the order?

52 per cent of platform restaurants said that food delivery platforms/ downgraded their ratings if they delayed orders (Figure 4.4). A third said that nothing happened. A small share of platform restaurants responded that they call customer care and inform platform/s about the delay in order.

Figure 4.4 What Happens if You Delay the Order? (% of platform restaurants)



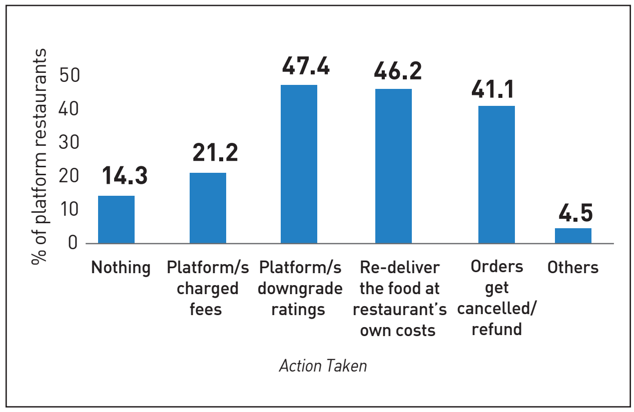
Source: NCAER Restaurants Survey 2023.

Many restaurants responded they should be given more time to cook and deliver. Some said that the delivery workers should be trained properly so that food could be delivered on time. And delivery workers should not take multiple orders, because it delays delivery.

What happens if there is a mistake in the food delivery i.e. wrong food delivered (Figure 4.5)?

47.4 per cent of platform restaurants reported that there was downgrading in ratings, 46.2 per cent responded that one has to re-deliver the food at the restaurant's own expense and 41.1 per cent responded that the order gets cancelled.

Figure 4.5 What Happens if You Deliver the Wrong Food? (% of platform restaurants)

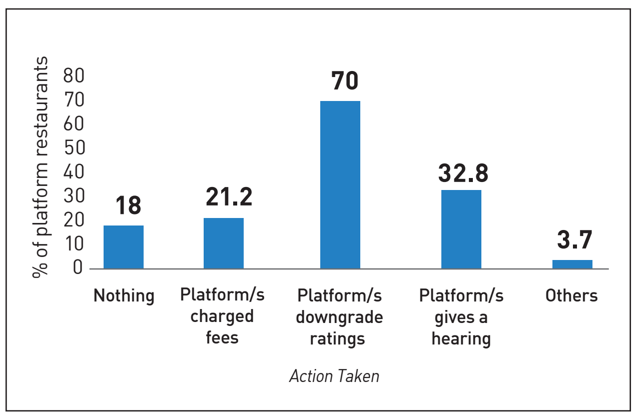


Source: NCAER Restaurants Survey 2023.

What happens if a customer gives you a bad review (Figure 4.6)?

70 per cent of restaurants responded that the platform/s downgraded ratings.

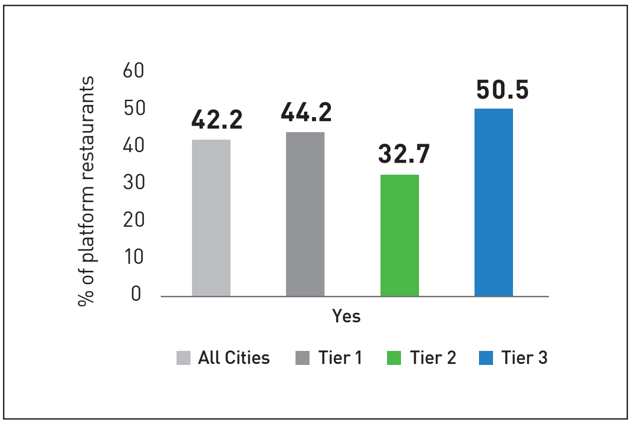
Figure 4.6 What Happens If the Customer Gives the Restaurant a Bad Review? (% of platform restaurants)



Source: NCAER Restaurants Survey 2023.

Do you have an option to challenge the platform if you think the "penalty" is unfair (Figure 4.7)?

Figure 4.7	Percentage Share of Restaurants that Responded 'Yes' When Asked Whether They Had the Option to Challenge the Platform If they Thought that the "Penalty" was Unfair (% of platform restaurants)



Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(2) = 8.6849 Pr = 0.013. This means that the differences across city tiers are statistically significant.
2. The differences across firm size as measured by workers are not statistically significant.

42.2 per cent of platform restaurants responded affirmatively. The corresponding number for Tier 3 cities was 50.5 per cent. Essentially, the majority of platform restaurants were saying that they did not get a fair hearing in case of a dispute. The results are statistically significant across city tiers but not restaurant size.

4.7 Exit Plans

Firms were asked whether they would stop using food delivery platform/s. The majority of platform restaurants responded (64.6 per cent) that they would continue to be on the platform. The reasons for exiting for 35.4 per cent of platform restaurants are high commissions, poor customer service and not giving enough profits, orders and customers.

The restaurants assessed the exit process of restaurants (Table 4.14). The majority of platform restaurants found the exit process to be relatively easy. About a third of the platform restaurants found it neither difficult nor easy to exit.

Table 4.14	Rating of the Exit Process (% of platform restaurants)					
Type of Restaurant	Very Difficult to Exit	Somewhat Difficult	Average	Relatively Easy	Very Easy	Do Not Know
All	3.7	4.8	30.5	19.1	18.3	16.8
	Type of City					
Tier 1	2.2	2.8	33.2	15.4	14.1	20.7
Tier 2	2.6	10.5	20.3	22.2	32.7	10.5
Tier 3	10.5	2.1	37.9	26.3	9.5	13.7
	Size of Restaurant (number of workers)					
Micro (fewer than 10 workers)	3.6	5.6	34.0	16.7	15.7	17.7
Small (10 to 49 workers)	3.2	3.9	31.4	15.4	23.7	13.5
More than 50 workers	4.8	3.8	19.1	31.4	18.1	19.1

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(10) = 68.9760 Pr = 0.000. This means that the differences across city tiers are statistically significant.
2. Pearson Chi-square(10) = 22.1642 Pr = 0.014. This means that the differences across firm size as measured by workers are statistically significant.
3. Row sums do not add up to 100 per cent due to missing responses.

4.8 Summary

This chapter assessed restaurants' experiences of food delivery platforms. The questionnaire probed whether restaurants used the various services that were offered by food delivery platform/s. This included inventory management, advertising and marketing, financial accounts etc.

Platforms are a single source for essential services like inventory management, advertising, and financial accounts, that are critical for small businesses that cannot afford separate solutions. The finding that larger restaurants use these services more intensely suggests that platforms are also tools for scaling and operational maturity. Restaurants were using the various services but there was scope for improvement. The intensity of usage went up with the size of the restaurant. Within platform restaurants, medium and large restaurants were better able to leverage the technology that was offered to them.

Platforms provide a growing revenue stream to restaurants. The average share of revenue of restaurants coming from food delivery platforms went up from 22.1 per cent in 2019 to 28.8 per cent in 2023.

Platforms were sharing information with restaurants about customers. However, there was wide variation in the sharing of information. While a third of their revenue came from food delivery platforms, platform restaurants in Tier 3 cities only had a limited understanding of how payments were being computed.

30 per cent of restaurants requested that per-order commissions should come down. The GRM should be strengthened further. More importantly, the platform/s used ratings to signal delays in delivery, wrong food being delivered, or if the customer gave a bad review.

Chapter - 5

Impact of Joining Platforms on Restaurants

Joining food delivery platforms have helped restaurants in expanding the geographical area of operations, increased food items on the menu and increased customers. The majority of restaurants wanted to continue being on food delivery platforms as it helped them to continue being a network and create visibility. Overall experience of food delivery platforms was good for restaurants.

5.1 Introduction

The objective in this chapter is to understand the impact of joining food delivery platforms on restaurants. The largest impact is felt on the benefits of networking.

5.2 Impact

5.2.1 Impact on Operations

Restaurants were asked how their operations were affected by joining food delivery platform/s. 58.9 per cent of platform restaurants responded that it expanded their geographical area of operations (Table 5.1); 52.7 per cent responded that it increased food items on the menu and 50.4 per cent responded that it increased the number of customers overall. These findings are in sync with the literature mentioned in Chapter 1. Feldman, Frazelle and Swinney (2023) showed that joining food delivery platforms helped restaurants break geographical barriers and Li and Wang (2021) said it may help in reaching new customers.

11.8 per cent of micro restaurants responded that joining food delivery platforms had no impact. However, they expanded their geographical area of operations and increased the number of food items on the menu and customers. 52.4 per cent of micro restaurants, 44.2 per cent of small restaurants and 52.4 per cent of 'medium & large' restaurants experienced an increase in the number of customers due to joining food delivery platforms. The majority of restaurants located in Tier 2 cities also experienced an increase in dine-in customers.

Table 5.1	How has Joining A Platform/s Affected Your Operations (% of platform restaurants)?										
Type of Restaurant	No impact[2]	Expanded geographical area of operation[3]	Increased Food Items on the Menu[4]	Better Menu Design[5]	Improved Quality of Food[6]	More Order Volume[7]	Reduced cost of customer acquisition[8]	Increased customers for in-dining[9]	Increased customers overall[10]	Increased revenue[11]	Managing Off Peak Hours[12]
All	9.2	58.9	52.7	44.1	46.2	48.0	28.6	42.2	50.4	44.4	19.8
	Type of City										
Tier 1	10.3	60.8	50.8	41.1	41.4	49.5	31.0	36.7	46.7	43.0	18.2
Tier 2	3.3	63.4	54.9	52.3	53.6	55.6	26.8	56.2	64.7	55.6	25.5
Tier 3	14.7	45.3	55.8	41.1	50.5	30.5	23.2	37.9	40.0	31.6	15.8
	Size of Restaurant (number of workers)										
Micro (fewer than 10 workers)	11.8	55.6	50.3	42.2	46.7	46.7	30.1	40.5	52.9	45.1	19.6
Small (10 to 49 workers)	9.0	58.3	57.1	44.2	46.2	44.2	32.1	45.5	44.2	44.9	26.3
More than 50 workers	1.8	69.5	53.3	49.5	44.8	57.1	19.1	41.9	52.4	41.9	10.5

Source: NCAER Restaurants Survey 2023.

Notes:

1. Multiple ticks were possible and therefore row does not sum to 100.
2. The results for 'no impact' were statistically significant across city tiers and restaurant size. City Tier: Pearson Chi-square(2) = 10.4609 Pr = 0.005. Restaurant Size: Pearson Chi-square(2) = 9.1337 Pr = 0.010.
3. The results for 'expanded geographical area of operations' were statistically significant across city tiers and restaurant size. City Tier: Pearson Chi-square(2) = 9.0606 Pr = 0.011. Restaurant Size: Pearson Chi-square(2) = 6.3303 Pr = 0.042.
4. The results for 'increased food items on the menu' were neither statistically significant across city tiers nor restaurant size.
5. The results for 'better menu design' were statistically significant across city tiers but not restaurant size. City Tier: Pearson Chi-square(2) = 5.7099 Pr = 0.058.
6. The results for 'quality of food' were statistically significant across city tiers but not restaurant size. City Tier: Pearson Chi-square(2) = 7.0637 Pr = 0.029.
7. The results for 'more order volume' were statistically significant across city tiers but not restaurant size. City Tier: Pearson Chi-square(2) = 15.4200 Pr = 0.000.
8. The results for 'reduced cost for customer acquisition' were statistically significant across restaurant size but not city tiers. Restaurant Size: Pearson Chi-square(2) = 5.9269 Pr = 0.052
9. The results for 'increased dine-in customers' were statistically significant across city tiers but not restaurant size. City Tier: Pearson Chi-square(2) = 17.0263 Pr = 0.000.
10. The results for 'increased customers overall' were statistically significant across city tiers but not restaurant size. City Tier: Pearson Chi-square(2) = 18.3751 Pr = 0.000.
11. The results for 'increased revenue' were statistically significant across city tiers but not restaurant size. City Tier: Pearson Chi-square(2) = 14.3082 Pr = 0.001.
12. The results for 'no impact' were statistically significant across city tiers and restaurant size. City Tier: Pearson Chi-square(2) = 4.6154 Pr = 0.099. Restaurant Size: Pearson Chi-square(2) = 9.9000 Pr = 0.007.

Platform restaurants that responded positively that the number of customers had increased were asked by how much customers rose. Of these platform restaurants, 44.4 per cent said that it increased by 10 to 20 per cent and 29.4 per cent responded that it had increased customers by 20 to 30 per cent. The majority (54.6 per cent) of 'medium and large' restaurants responded that customers increased between 10 and 20 per cent. The corresponding numbers for micro and small restaurants were 40.7 per cent and 44.9 per cent, respectively. The share of restaurants that experienced an increase in customers between 20 and 30 per cent was 29.4 per cent. The corresponding numbers for micro restaurants were 34.6 per cent, small 27.5 per cent and 'medium & large' 16.4 per cent (Table 5.2).

Table 5.2 By How Much did the Number of Customers Rise? (% share of platform restaurants whose customers increased due to joining platforms)

Type of Restaurant	≤10%	>10% & ≤20%	>20% & ≤30%	>30% & ≤50%	> 50%
All	15.4	44.4	29.4	8.7	1.8
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	18.5	40.7	34.6	4.9	0.6
Small (10 to 49 workers)	10.1	44.9	27.5	13.0	4.4
More than 50 workers	12.7	54.6	16.4	14.6	1.8

Source: NCAER Restaurants Survey 2023.

Notes:

1. The differences across city tiers are not statistically significant.
2. Pearson Chi-square(10) = 19.9032 Pr = 0.030. This means that the differences across firm size as measured by workers are statistically significant.

Increase in geographical area of operations was the clearest benefit of joining food delivery platforms, followed by increase in the number of food items on the menu (Table 5.1). Half the restaurants experienced an increase in customers after joining the platform. For restaurants that did experience an increase in customers, their increase was limited to below 30 per cent, at least for most of them.

5.2.2 Why Join or Continue on Food Delivery Platforms Despite It Not Offering Enough Returns?

Restaurants were asked why they joined or continued being on food delivery platforms even if it did not offer substantial returns. The majority of restaurants responded that it was to create a network (56.6 per cent) and create visibility (69.1 per cent) (Table 5.3).

In several interviews, it came up that the advent of food delivery platforms led to the exit of other restaurants or food delivery platforms were setting up their restaurants. Approximately a third of the restaurants responded that they stayed on the platform due to competition from other restaurants in the neighbourhood. About a quarter responded that platforms can create competition in the neighbourhood and 22.4 per cent responded that "my neighbouring restaurant shut down because they were not on the platform".

Table 5.3	If You Earn Less Profit from Platform/s, Compared to Dine-In/Self-Home Delivery, Why Are You Joining Them or Continuing with Them? (% of platform restaurants)				
Type of Restaurant	Create a Network[2]	Visibility[3]	Cover Odd Hours[4]	Reduce Wastage[5]	Receive lump sum money frequently which helps with cash flow[6]
All	56.6	69.1	44.6	31.2	37.7
	Type of City				
Tier 1	50.8	67.7	41.1	31.0	38.9
Tier 2	79.1	81.1	49.7	37.9	42.5
Tier 3	40.0	54.7	48.4	21.1	26.3
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	53.9	55.6	45.1	33.0	39.9
Small (10 to 49 workers)	57.7	58.3	43.0	31.4	37.2
More than 50 workers	62.9	69.5	45.7	25.7	32.4

Source: NCAER Restaurants Survey 2023.

Notes:

1. Multiple ticks were possible and therefore row does not sum to 100.
2. The results for 'create a network' are statistically significant across city tiers but not for restaurant size. City Tier: Pearson Chi-square(2) = 46.5433 Pr = 0.000.
3. The results for 'visibility' are statistically significant for both city tiers but restaurant size. City Tier: Pearson Chi-square(2) = 19.7045 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 9.8513 Pr = 0.007.
4. The results for 'cover odd hours' are neither statistically significant across for city tiers nor for restaurant size.
5. The results for 'reduce wastage' are statistically significant across city tiers but not for restaurant size. City Tier: Pearson Chi-square(2) = 7.7665 Pr = 0.021.
6. The results for 'receive lump sum money frequently which helps with cash flow' are statistically significant across city tiers but not for restaurant size. City Tier: Pearson Chi-square(2) = 6.9156 Pr = 0.031.

	Exit process from platform complicated[7]	Competition from other neighbouring restaurants[8]	My neighbouring restaurants shut down because they were not on platforms[9]	Platforms can easily create competition in the neigh bourhood[10]	Diversion of customers during peak time[11]	Others
	21.2	31.0	22.4	25.9	16.1	2.0
	Type of City					
	19.1	27.0	22.3	21.3	11.9	2.8
	28.1	42.5	26.8	36.0	30.1	1.3
	16.8	26.3	15.8	25.3	7.4	0.0
	Size of Restaurant (number of workers)					
	19.9	34	22.6	26.8	17.0	2.6
	25.0	35.9	30.1	36.5	22.4	1.3
	19.1	15.2	10.5	7.6	3.8	1.0

7. The results for 'complicated exit process' are statistically significant across city tiers but not for restaurant size. City Tier: Pearson Chi-square(2) = 7.7665 Pr = 0.021.
8. The results for 'competition from other neighbouring restaurants' are statistically significant for both city tiers but restaurant size. City Tier: Pearson Chi-square(2) = 12.8327 Pr = 0.002. Restaurant Size: Pearson Chi-square(2) = 15.2096 Pr = 0.000.
9. The results for 'my neighbouring restaurants shut down because they were not on platforms' are statistically significant for restaurant size but not across type of city. Restaurant Size: Pearson Chi-square(2) = 13.9530 Pr = 0.001.
10. The results for 'platforms can easily create competition in the neighbourhood' are statistically significant for both city tiers but restaurant size. Pearson Chi-square(2) = 11.5525 Pr = 0.003. Restaurant Size: Pearson Chi-square(2) = 27.5936 Pr = 0.000.
11. The results for 'diversion of customers during peak time are statistically significant for both city tiers but restaurant size. Pearson Chi-square(2) = 31.6736 Pr = 0.000. Restaurant Size: Pearson Chi-square(2) = 16.6000 Pr = 0.000.

5.2.3 What is Restaurants' Overall Experience of the Food Delivery Platform?

The majority (55.6 per cent) responded that restaurants' overall experience of the food delivery was good (Table 5.4).

Table 5.4 Overall Experience on the Food Delivery Platform (% of platform restaurants)

Type of Restaurant	Very Bad	Bad	Neither Good nor Bad	Good	Very Good
All	2.3	3.5	28.6	55.6	9.9
	Type of City				
Tier 1	2.2	4.4	30.1	55.5	7.8
Tier 2	1.3	3.3	27.5	50.3	17.0
Tier 3	4.2	1.1	25.3	64.2	5.3
	Size of Restaurant (number of workers)				
Micro (fewer than 10 workers)	2.9	4.9	30.7	54.6	6.9
Small (10 to 49 workers)	1.9	2.6	23.1	60.3	12.2
More than 50 workers	1.0	1.0	30.5	51.4	15.2

Source: NCAER Restaurants Survey 2023.

Notes:

1. Pearson Chi-square(8) =18.5204 Pr = 0.018. The differences across city tiers are statistically significant.
2. Pearson Chi-square(8) = 15.5045 Pr = 0.050. This means that the differences across firm size as measured by workers are statistically significant.

5.2.4 Profit

This section asses the impact of food delivery platforms on profits and profit margins. This is indicative because firms did not share the exact figures for reasons of confidentiality. Further, there were no medium and large restaurants in the non-platform sector. In order to compare similar types of restaurants, the focus is on micro restaurants that hire fewer than 10 workers. The profits of platform and non-platform micro restaurants are computed for the purpose of comparison. Based on the NCAER Restaurants Survey 2023 and ASUSE Survey, the results show that platform restaurants have higher profits but lower profit margins (Table 5.5). Further, the numbers suggest that platform restaurants may be more labour productive than non-platform ones.

Table 5.5	Estimates of Profit of Micro Restaurants (< 10 workers), 2022–23

	Item	Platform Restaurants	Non-platform restaurants	Source
	Average Annual Revenue (Rs lakhs)	160	60	NCAER Restaurants Survey 2023
(−)	Annual Rent (Rs lakhs)	9.4	4.1	NCAER Restaurants Survey 2023
(−)	Annual Raw Material Costs (Rs lakhs)	52.5	19.1	ASUSE Survey 2022–23 (33% of revenue)
(−)	Annual Wages (Rs lakhs)	47.7	17.3	ASUSE Survey 2022–23 (30% of revenue)
(−)	Annual Per-Order Commission (annual; Rs lakhs)	11.5	0.0	NCAER Restaurants Survey 2023
(−)	Annual Advertising and Marketing Costs (Rs lakhs)	1.2	0.06	NCAER Restaurants Survey 2023
=	Annual Net Profit (Rs lakhs)	37.7	19.4	–
	Annual Net Profit Margin (net profit as % of revenue)	23.6	32.4	–
	Average number of workers	4.3	4.2	NCAER Restaurants Survey 2023

Source: NCAER Conceptualisation.

5.2.5 Monetary and Non-monetary Gains

The findings of the report are quite puzzling. The restaurants rate their experience on food delivery platforms as good. They are earning profits. However, higher earnings does not show up as a key benefit. Their key benefits are that it increased area of operations and increased customers. Further, being on the food delivery platform gives an assurance of quality.

Based on the findings from all the chapters, the perceived benefits are divided into two categories. The first category is monetary gains where there is a direct impact on profits or revenues of restaurants. The second is non-monetary gains. Figure 5.1 shows both impacts. It turns out that firms get both types of gains from platforms. The latter is the reason why restaurants are not ready to leave platforms.

The results imply that food delivery platform companies need to work on their relationships with restaurants to enhance their experiences. Food delivery platforms companies should do the following:

- Give proper training/orientation to all restaurants so that they are all able to leverage the technology better.
- Give support and guidance to better design restaurant menus and provide overall mentoring.
- Improve their Grievance Redressal Mechanism.
- Share data analytics with restaurants so that they understand their demand patterns.

In turn, restaurants need to be educated about the gains from joining food delivery platforms.

Figure 5.1 Monetary and Non-monetary Gains from Joining Food Delivery Platforms

Monetary Gains

Advertising	Increase in geographical areas of operation
Higher Ppofits	Increase orders during non-peak hours
Higher income	Manage cash flows
Network effects	Online presence
Increase in customers	Overcome downturns
Increase in dine-in customers	Manage competition
Increase in orders	Reduce wastage

Non-monetary Gains

Assurance of quality to customers	Menu design
Assurance of safety to customers during Covid-19	Increased food liems on the menu

Source: NCAER Conceptualisation.

5.3 Summary

Restaurants were asked how their operations were affected by joining food delivery platform/s. 58.9 per cent of platform restaurants responded that it expanded their geographical area of operations (Table 5.1); 52.7 per cent responded that it increased the number of items on the menu and 50.4 per cent responded that it increased customers overall.

However, only half the restaurants responded that the number of customers had increased. The other half did not experience an increase and ask why food delivery platforms are not helping them to increase customers, orders and therefore revenue. Of the restaurants that did experience an increase in customers, for most of them the increase was limited to below 30 per cent.

So, why did the restaurants join food delivery platforms? The answers are for network and visibility. And overall, the majority of them have had a good experience with them, while there may be selection bias in the sense that restaurants that are entrepreneurial and innovative may be joining platforms. Firms are not ready to leave platforms either.

The salient point is that platforms are a new way of doing business for restaurants. Restaurants have to adapt to this technology and they are adapting it too. However, to leverage it, restaurants need more handholding. The role of platforms can be immense not only in building and omentoring the micro and small restaurants but also in formalising the sector.

References

Ahuja, K., Chandra, V., Lord, V. and Peens, C. 2021. "Ordering in: The rapid evolution of food delivery". https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ordering-in-the-rapid-evolution-of-food-delivery#/.

Anand, A. 2024. "Swiggy launches 'She The Change' — an initiative to celebrate women entrepreneurship". *CNBCTV18.com*. https://www.cnbctv18.com/business/companies/swiggy-launches-she-the-change--an-initiative-to-celebrate-women-entrepreneurship-19371771.htm. March 27.

Balakrishnan, A. 2025. "Food Delivery Services as a Platform for Women's Social Networking and Community Building: A Socio-Digital Perspective." *International Journal of Scientific Research in Engineering And Management*. 09(06):1-9. 10.55041/IJSREM50165. June.

Bari, K.N., Chavhan, V.P, Gajbhaye, T.N., Gaykar, S.M., Jadhav, P.V. and Gampawar, A.V. 2024. "Restaurant Management System". *International Journal of Research Publication and Reviews.* 5(5): 6978-6981. May.

Bhandari, B., Das, G., Gupta, S., Sahu, A.K., Urs, K.S., Pal, N., Raj, K. and Thomas, S. 2023. Socio-economic Impact Assessment of Food Delivery Platform Workers. https://ncaer.org/wp-content/uploads/2023/08/NCAER_Report_Platform_Workers_August_28_2023.pdf. August 28.

Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India. 2008. National Industrial Classification 2008. https://www.ncs.gov.in/Documents/NIC_Sector.pdf.

Chen, M., Hu, M. and Wang, J. 2019. "Food Delivery Service and Restaurant: Friend or Foe?" https://ssrn.com/abstract=3469971 or http://dx.doi.org/10.2139/ssrn.3469971. December 11.

Dey, A. 2025. "Zomato to share customer contact with restaurants". *Times of India*. https://timesofindia.indiatimes.com/business/india-business/zomato-to-share-customer-contact-with-restaurants/articleshow/125447592.cms#:~:text=Zomato%20will%20now%20share%20customer,patterns%20and%20offline%20store%20visits. November 20.

Einav, L., Farronato, C., and Levin, J. 2016. "Peer-to-Peer Markets". *Annual Review of Economics*. 8: 615–635.

Employees' State Insurance Corporation (ESIC) website. https://esic.gov.in/coverage.

Evans, D. S. and Schmalensee, R. 2017. "Network Effects: March to the Evidence, Not to the Slogans". Forthcoming, *Antitrust Chronicle,* Available at SSRN: https://ssrn.com/abstract=3027691 or http://dx.doi.org/10.2139/ssrn.3027691. August 27.

Feldman, P., Frazelle, A.E. and Swinney, R. 2023. "Managing Relationships Between Restaurants and Food Delivery Platforms: Conflict, Contracts, and Coordination". *Management Science*. 69(2): 812-823. February.

Foodserviceindia.com website. https://foodserviceindia.com/restaurant-operations-management/.

Goenka, T. and Choudhury, D. 2023. "Why Zomato continues to eat into Swiggy's market share". *Moneycontrol.com*. https://www.moneycontrol.com/news/business/why-zomato-continues-to-eat-into-swiggys-market-share-10907051.html. July 6.

Hadfield, P. 2020. "Why Food Delivery Companies May Be Doing More Harm Than Good, And How Restaurants Can Fix It," *Forbes*. (https://www.forbes.com/sites/forbesfinancecouncil/2020/05/04/why-food-delivery-companies-may-be-doing-more-harm-than-good-and-how-restaurants-can-fix-it).

The Hindu. 2025. "Namakkal restaurants stop supply of food to online delivery platforms Swiggy, Zomato". https://www.thehindu.com/news/national/tamil-nadu/namakkal-restaurants-stop-supply-of-food-to-online-delivery-platforms-swiggy-zomato/article69758825.ece. July 2.

Indeed.com website. https://www.indeed.com/career-advice/career-development/what-are-restaurant-operations.

Jain, S. 2024. "The Rise and Fall of Cloud Kitchens in India: A Business Perspective". Building Brands for Tomorrow website. https://www.bbft.in/2024/09/24/the-rise-and-fall-of-cloud-kitchens-in-india-a-business-perspective/. September 24.

Kumar, A. 2024. "Introducing Zomato's Plastic-Free Future Program for Restaurant Partners". https://blog.zomato.com/introducing-zomatos-plastic-free-future-program-for-restaurant-partners. December 13.

Kouzina FoodTech website. https://www.kouzinafoodtech.com/blog/how-much-swiggy-charges-from-restaurants.

Lee, G. 2022. "Indirect Network Effect and Spillover Effect in Food Delivery Platforms". *KDI Journal of Economic Policy*. 44(4): 25–42. Korea Development Institute (KDI), Sejong, ISSN 2586-4130. https://doi.org/10.23895/kdijep.2022.44.4.2.

Li, Z. and Wang, G. 2021. "The Role of On-Demand Delivery Platforms in Restaurants". https://questromworld.bu.edu/platformstrategy/wp-content/uploads/sites/49/2021/07/PlatStrat2021_paper_9.pdf.

Liu, Y. and Li, S. 2023. "An economic analysis of on-demand food delivery platforms: Impacts of regulations and integration with ride-sourcing platforms". *Transportation Research Part E: Logistics and Transportation Review*. 171. March. https://doi.org/10.1016/j.tre.2023.103019.

Lu, H., Sun, M. and Zeng, Y. 2021. "Will the Food Delivery Industry Be Monopolized?".

Proceedings of the 2021 International Conference on Financial Management and Economic Transition (FMET 2021) in Advances in Economics, Business and Management Research. 190. https://www.atlantis-press.com/proceedings/fmet-21/125961051. September 18.

Ministry of Commerce & Industry. 2025. Revolutionizing Digital Commerce: The ONDC Initiative: Digital commerce reimagined for inclusivity and innovation. *PIB*. https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2090097. New Delhi. January 4.

Ministry of Statistics and Programme Implementation (MoSPI), Government of India. 2024. Periodic Labour Force Survey (PLFS), July 2023-June 2024. https://microdata.gov.in/NADA/index.php/catalog/213/get-microdata.

Ministry of Statistics and Programme Implementation, Government of India (MoSPI). 2025a. Operational and Economic Characteristics: Annual Survey of Unincorporated Sector Enterprises (ASUSE) of 2023–2024. https://www.mospi.gov.in/sites/default/files/publication_reports/ASUSE_2023_24_Full_Report-L.pdf.

Ministry of Statistics and Programme Implementation, Government of India (MoSPI). 2025b. Annual Survey of Unincorporated Sector

Enterprises (ASUSE) of 2023–2024. https://microdata.gov.in/NADA/index.php/catalog/238.

Mumbai Dabbawala website. https://mumbaidabbawala.in/.

National Commission for Enterprises in the Unorganised Sector (NCEUS). 2007. Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector. https://dcmsme.gov.in/condition_of_workers_sep_2007.pdf. New Delhi, India.

Organization for Economic Co-operation and Development (OECD) website. https://www.oecd.org/en/data/indicators/enterprises-by-business-size.html.

Rochet, J-C and Tirole, J. 2003. "Platform Competition in Two-Sided Markets,". *Journal of the European Economic Association*. 1(4): 990-1029.

Rohit, B. and Pinto, P. 2020. "A Socio Economic Study of Unorganised Restaurant Workers in Mangaluru, India". *India Development Policy Review*. 1(1): 33–42.

Rohlfs, Jeffrey. 1974. "A Theory of Interdependent Demand for a Communications Service." *The Bell Journal of Economics and Management Science*. 5(1): 16–37. https://doi.org/10.2307/3003090.

Shinde, S. 2025. "Uber switches to subscription-based model to retain drivers, navigate GST". *Business Standard*. https://www.business-standard.com/companies/news/uber-subscription-model-for-drivers-gst-impact-ride-hailing-shift-125101001289_1.html. October 10.

Srivastava, A. 2024. "Indian food services sector to grow by 8.1% from 2024 to 2028: Report". Business Standard. https://www.business-standard.com/industry/news/indian-food-services-sector-to-grow-by-8-1-from-2024-to-2028-report-124070900997_1.html. July 9.

Statista.com website. https://www.statista.com/statistics/744350/online-food-delivery-market-size-india/#:~:text=Market%20size%20of%20online%20food%20delivery%20in%20India%202020%2D2026&text=In%202023%2C%20the%20Indian%20online,billion%20U.S.%20dollars%20in%202026%20.

Verma, S., Pandey, D., Kaur, H. and L.V. Appasaba. 2024. "Role of Digital Entrepreneurship in Social Empowerment of Women Entrepreneurs in India: An Empirical Study". *Journal of Informatics Education and Research*. 4(3): 4172–4178. ISSN: 1526-4726.

Annexure 1.1: Sample Selection of Restaurants

I. Introduction

The survey of restaurants complements the survey of delivery workers and thus enables us to study the food delivery platform business from the point of view of restaurants as well as delivery workers (Bhandari et al. 2023). The same 28 cities as in Bhandari et al. (2023) were included. Similar to the platform workers, we choose the same cities and zones within Tier 1 cities. The sample size of restaurants within the cities and zones within the cities has to be determined based on the universe.

The challenge was that there is no available universe of restaurants and within that the question was how to choose and stratify restaurants. A sample strategy of restaurants may be based on either type of establishment (quick service, fine dining, coffee shop etc.), or on scale, or using the combination of both type of establishment and scale. In view of the absence of a universe of restaurants across cities, an alternative strategy was devised.

II. Geographical Distribution of States/UTs

The first step is choosing the zones. Similar to the platform workers' study, the States and Union Territories (UTs) are divided into four geographical regions—North, South, East, and West (Table A.1). Cities are grouped under regions depending on the State/UT they belong to (Table A.1). Cities are selected from all four regions such that all four regions are equally represented.

Table A.1 Geographical Distribution of the States and Union Territories

Zone of the Country	Name of the State/Union Territory
North	Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Uttarakhand, and Uttar Pradesh
East and North-east	Bihar, Chhattisgarh, Jharkhand, Odisha, West Bengal, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura
West	Dadra and Nagar Haveli, Daman and Diu, Goa, Gujarat, Madhya Pradesh, Maharashtra and Rajasthan
South	Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu, and Telangana

Source: NCAER.

III. Method of Selection of the Cities and Samples

During the survey of delivery partners, the cities were categorised into the three tiers within each geographical region. All the eight cities in Tier 1 were included since Tier 1 cities accounted for a large share in the total number of delivery workers and restaurants (Table A.2). The following sampling method was used to pick the 12 Tier 2 and 8 Tier 3 cites, that is, 3 Tier 2 cities and 2 Tier 3 cities from each geographical region.[16]

1. The city that had the maximum number of workers in the given geographical region among the Tier 2/Tier 3 cities was selected with certainty (i.e. probability 1).

2. From among the remaining Tier 2/Tier 3 cities in each geographical region, two Tier 2 cities/one Tier 3 city were selected using the random sampling method.3

Tables A.3 and A.4 show the selected Tier 2 and Tier 3 cities.

Table A.2 Tier 1 Cities

S. No.	Regional Zone	City Name	Geographical Location
1	West	Ahmedabad	West
2	South	Bangalore	South
3	South	Chennai	South
4	North	Delhi	North
5	South	Hyderabad	South
6	East	Kolkata	East
7	West	Mumbai	West
8	West	Pune	West

Source: NCAER.

Table A.3 Selected Tier -II Cities

S. No.	Regional Zone	City Name	Geographical Location
	Regional Zone City Name Geographical Location		
1	South	Coimbatore	South
2	West	Jaipur	West
3	North	Lucknow#	North
4	East	Guwahati	East
	Sample Selection Based on Random Sampling		
5	East	Bokaro*	East
6	East	Patna*	East
7	North	Gorakhpur	North
8	North	Meerut	North
9	South	Palakkad	South
10	South	Kakinada	South
11	West	Nashik	West
12	West	Central Goa	West

Source: NCAER.

Notes:

#Gurgaon was the largest Tier 2 city in terms of the total number of delivery partners. However, given its proximity to Delhi and the fact that its dynamics are influenced by Delhi, we leave out that city.

*These are third-party cities.

[16]The Ministry of Finance classifies the cities as 'X', 'Y' and 'Z' to determine the housing rental allowance for Central Government employees. Cities classified as 'X' are Tier 1 cities, typically with a population greater than 5 million (Census 2011 website). There are 8 such mega-cities in the country, which are all included in our sample. Cities classified as 'Y' are Tier 2 cities, typically with a population greater than 0.5 million but less than 5 million. Cities classified as 'Z' are the remaining cities.

Table A.4	Selected Tier 3 Cities		
S. No.	**Regional Zone**	**City Name**	**Regional Zone**
Sample Selection Based on Highest Total Numbers of Workers (probability 1)			
1	North	Jalandhar	North
2	East	Agartala	East
3	West	Udaipur	West
4	South	Manipal	South
Sample Selection Based on Random Sampling			
1	East	Gaya	East
2	North	Sirsa	North
3	West	Waidhan/Anand	West
4	South	Vizianagaram	South

Source: NCAER.

IV. Sampling Methodology

The details of the restaurants were obtained through web scraping of the website of the platform company (that was used for platform workers in Bhandari et al. 2023) for the above cities during 26th to 29th April, 2023. Web scraping is accumulating the information given in the website through programming. The platform company provided information about partner restaurants (such as name, menu, address, average cost for two, ratings etc.) across cities on its website. Through web scraping, all the publicly given information about the restaurants across cities has to be accumulated through programming.

In this process, it was discovered that Waidhan, a Tier 3 city from Bhandari et al. (2023) in the western region, had only 25 restaurants on the platform. From the platform workers' random sampling, the next city after Waidhan was Anand. Therefore, Anand replaced Waidhan. Anand had 195 restaurants on the platform.

Using the publicly available information about the restaurants from the above 28 cities, the sample was stratified using the variable 'cost for two in the restaurant'. Using this method, the following distribution of restaurants was obtained across 28 cities (Table A.5).

Table A.5	City Tier Frequency Table	
City tier	**Frequency**	**Percent**
1	20,111	61.7
2	10,481	32.2
3	2,007	6.2
Total	32,599	100.00

Source: NCAER.

The 'cost for two' could be a proxy for restaurants across scale. Table A.6 shows the summary statistics of that variable for the 32, 599 restaurants' data across 28 cities. Table A.7 shows the frequency distribution of these restaurants.

Table A.6 Summary Statistics

Variable	Observations	Mean	Std. Dev.	Variance	Skewness	Kurtosis
Meal cost for 2	32,599	308.1	191.8	36,773.2	4.8	76.1

Source: NCAER.

Table A.7 Frequency Distribution

Meal Cost for Two [INR]	Frequency	Percent	Cumulative
<100	336	1.03	1.03
≥100 & < 200	4,127	12.66	13.69
≥200 & < 300	12,321	37.8	51.49
≥300 & < 400	8,165	25.05	76.53
≥400 & < 500	3,340	10.25	86.78
≥500 & < 600	2,043	6.27	93.05
≥600 & < 700	924	2.83	95.88
≥700 & < 800	307	0.94	96.82
≥800 & < 900	396	1.21	98.04
≥900 & < 1000	103	0.32	98.35
≥1000	537	1.65	100
Total	**32,599**	**100**	

Source: NCAER.

The data are summarised further into five class intervals: (i) < Rs 200; (ii) ≥ Rs 200 and < Rs 300; (iii) ≥ Rs 300 and < Rs400 and; (iv) ≥ Rs 400 and < Rs 500; and (v) ≥ Rs 500. Table A.8 gives an account of the distribution of restaurants along various costs for four intervals across city tiers. In each of the selected cities, sample restaurants were drawn from the five categories mentioned in Table A.8 and the sample size under each group were proportional to the share in the total. Then, adequate samples were taken from each group in each city.

Table A.8	Distribution of Restaurants across various Costs for two intervals (% of restaurants)			
Cost for two (Rs)	All Cities	Tier 1 Cities	Tier 2 Cities	Tier 3 Cities
<200	13.7	12.1	16.1	17.3
≥200 & <300	37.8	34.7	43.0	41.7
≥ 300 & < 400	25.1	26.1	23.5	23.1
≥400 & <500	10.2	11.1	8.7	10.3
≥500	13.2	16.1	8.8	7.6

Source: NCAER.

V. Sampling Strategy

Within each city, restaurants were grouped under five categories based on average cost for two. The number of restaurants in each category was chosen in proportion to its share in total (Table A.9). As in the survey of food delivery workers, four zones were from each Tier 1 city and the distribution of restaurants across the five categories (based on cost for two) in the four zones were proportionately allocated with a minimum allocation of 1 restaurant to each zone for each of the five restaurant categories.

Table A.9	Selection of Sample across Cities and Tiers			
Restaurant category based on cost for two (Rs)	Tier 1	Tier 2	Tier 3	Total
<200	8	2	2	
≥200 & <300	12	4	4	
≥ 300 & < 400	8	2	2	
≥400 & <500	6	2	2	
≥ 500	6	2	2	
Total in each city	40	12	12	560
Total Sample from Food Delivery Platform	40*8= 320	12*12= 144	12*8= 96	
Total Sample outside any Food Delivery Platform	4*8=32	2*12=24	2*8=16	72
Grand Total				**632**

Source: NCAER.

The average response rate was around 27 per cent for the whole Survey. In the East, the average response rate was 28 per cent, West, 23 per cent, South, 27 per cent and North was 25 per cent.

NCAER SINCE 1956 QUALITY . RELEVANCE . IMPACT
NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH
NCAER India Centre, 11 Indraprastha Estate, New Delhi 110 002, India.
Tel: +91-11-2345-2698, info@ncaer.org www.ncaer.org