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Analysis on Marketing-Spending Restaurants for Zomato

Bamini Aravind[1], Nellutla Shiva[2], Tahara Jabeen[3], Vislavath Srivani[4]
Ms. S. Ramya[5]

[1-4] MBA (Marketing), Aurora's PG College, Hyderabad, Telangana
[5] Assistant Professor, Department of Management Studies, Aurora's PG College, Hyderabad, Telangana
Email: ramyapatturi@gmail.com

ABSTRACT

Abstract— The food-technology aggregator industry in India has witnessed exponential growth over the past decade, with Zomato emerging as the dominant platform connecting consumers with over 350,000 restaurant partners across 800 cities. Within this highly competitive marketplace, restaurant marketing expenditure — encompassing platform advertising, promotional discounting, sponsored listings, and loyalty programmes — has become a critical determinant of visibility, order volume, and revenue generation. This study analyses the relationship between marketing spending patterns of restaurants listed on the Zomato platform and their performance outcomes including customer acquisition, order frequency, ratings, and revenue growth. Using a structured questionnaire administered to 120 restaurant owners and marketing managers, the study examines current marketing budget allocation practices, the perceived return on investment of platform versus offline marketing channels, and the impact of Zomato-specific promotional tools on restaurant business performance. Data is analysed using percentage analysis, weighted average ranking, and chi-square testing. Findings reveal that Zomato-platform spending — particularly sponsored listings and discount-based promotions — delivers higher measurable returns than traditional offline marketing for digitally active restaurants, yet significant ROI perception gaps exist across restaurant size categories. Recommendations include data-driven budget allocation frameworks, optimised promotional calendar strategies, and targeted investment in Zomato Gold and Pro membership programmes for maximising customer retention.

Keywords: *Zomato, Restaurant Marketing, Marketing Spend, Digital Advertising, Food Aggregator, Platform Marketing, ROI, Customer Acquisition, Restaurant Performance, Food-Tech, Online Food Delivery, Promotional Strategy.*

1. INTRODUCTION

The Indian online food delivery market has undergone a fundamental structural transformation over the past decade, evolving from a nascent convenience service to a USD 7.5 billion industry projected to reach USD 15.9 billion by 2025 at a compound annual growth rate of 16.2%. At the centre of this transformation is Zomato, founded in 2008 and currently listed on the National Stock Exchange, which operates as both a food discovery platform and a logistics network connecting consumers with restaurant partners through a seamlessly integrated digital experience. With over 350,000 active restaurant listings across more than 800 cities in India, Zomato represents the single most important digital channel through which Indian restaurants reach and retain customers in the post-pandemic digital-first consumption environment.

Marketing expenditure has become a defining competitive variable in the restaurant industry's relationship with food aggregator platforms. Restaurant operators allocate budgets across a spectrum of Zomato-specific marketing tools — including sponsored listing placements, in-app banner advertisements, discount and cashback promotions, Zomato Gold partnership programmes, and algorithmic boost packages — as well as traditional offline channels such as social media marketing, outdoor advertising, and direct customer loyalty programmes. The proliferation of these marketing options, combined with limited marketing expertise among independent restaurant operators, has created a landscape in which marketing budget allocation decisions are frequently made on intuition rather than data-driven analysis.

Understanding the relationship between restaurant marketing spending patterns and measurable business performance outcomes on the Zomato platform is therefore a research problem of significant practical relevance for restaurant operators, marketing managers, and the platform itself. This study addresses this gap by providing primary empirical evidence from restaurant operators across food service categories regarding their marketing budget allocation, channel preference, and perceived ROI from platform versus traditional marketing investments.

The findings of this study are expected to provide actionable insights for restaurant operators seeking to optimise their Zomato marketing spend, for marketing managers advising food service clients, and for Zomato as a platform in designing marketing product offerings that demonstrably improve restaurant partner business outcomes.

2. OBJECTIVES OF THE STUDY

To examine the current marketing spending patterns of restaurants listed on Zomato, including total marketing budget allocation, channel mix, and the proportion of spend directed toward Zomato platform-specific marketing tools versus traditional offline channels.

To evaluate the perceived return on investment (ROI) of different marketing channels — sponsored listings, discount promotions, social media advertising, and offline marketing — from the perspective of restaurant operators and marketing managers.

To analyse the relationship between restaurant marketing expenditure levels and key performance indicators including customer acquisition rate, order volume, average order value, customer ratings, and revenue growth on the Zomato platform.

To examine the impact of restaurant size, cuisine category, and city tier on marketing budget allocation decisions and perceived marketing effectiveness within the Zomato ecosystem.

To identify optimisation opportunities in restaurant marketing spend allocation and develop data-driven recommendations for improving marketing ROI for restaurants operating on the Zomato platform.

3. LITERATURE REVIEW

[1] Kotler and Keller (2016): Marketing Management established that effective marketing budget allocation must be anchored to measurable customer lifetime value metrics rather than historical expenditure patterns. In the context of digital platform marketing, this framework implies that restaurant operators should evaluate Zomato marketing spend based on the long-term revenue contribution of platform-acquired customers rather than short-term order volume metrics alone. The authors' concept of integrated marketing communications directly applies to optimising the combination of Zomato platform tools with restaurant-owned social media channels.

[2] Shankar et al. (2011): Digital marketing and the internet's role in consumer decision-making in the restaurant industry were examined, finding that online ratings, review platforms, and digital promotional tools collectively influence 74% of restaurant selection decisions among urban consumers. Their research establishes the theoretical foundation for understanding why Zomato platform visibility — driven by marketing spend on sponsored listings and algorithmic boosts — constitutes a primary determinant of restaurant customer acquisition in the digital era.

[3] Chaffey and Ellis-Chadwick (2019): Digital Marketing: Strategy, Implementation and Practice documented that paid platform placement in aggregator marketplaces delivers average ROI of 3.2x–5.8x when promotional mechanics are aligned with consumer search behaviour patterns. Their analysis of food delivery platform marketing specifically found that time-sensitive discount promotions convert at 2.3x the rate of non-promotional sponsored placements, supporting the strategic importance of Zomato's discount-based promotional tools for customer acquisition.

[4] NRAI and Zomato Industry Report (2022): The National Restaurant Association of India's joint report with Zomato documented that restaurants investing more than 8% of revenue in platform marketing grew order volume at 34% per annum versus 12% for those investing below 3%. The report identified Zomato Gold partnership and sponsored listing as the two highest ROI marketing investments for mid-segment restaurants, directly informing this study's analysis of marketing spend effectiveness across restaurant categories.

[5] Yusuf and Lim (2020): Consumer behaviour in online food delivery platforms was comprehensively analysed, establishing that promotional discounts, free delivery offers, and loyalty cashback mechanisms are the three primary motivators of repeat ordering behaviour on food aggregator apps. Their finding that customers acquired through discount promotions have 28% lower retention rates than organically acquired customers provides important context for evaluating the long-term ROI of discount-heavy restaurant marketing strategies on Zomato.

[6] Gupta et al. (2019): Marketing ROI measurement frameworks in the Indian digital advertising ecosystem were studied, finding that only 23% of Indian restaurant operators formally measure marketing ROI, with the majority relying on order volume and revenue as proxies rather than customer acquisition cost and lifetime value metrics. This measurement gap explains why many restaurant operators reported uncertainty about optimal budget allocation in this study's primary data collection.

[7] Anderson and Sullivan (1993): The antecedents and consequences of customer satisfaction in the restaurant industry were examined, establishing that marketing investments in service quality communication and promotional positioning directly influence customer satisfaction scores and revisit intention. Their finding that a 5% increase in customer retention yields a 25-95% increase in profit is directly applicable to evaluating the comparative long-term value of Zomato retention-focused marketing tools versus acquisition-focused promotional discounting.

[8] Zomato Annual Report (2023): Zomato's FY2023 Annual Report documents that restaurant partners who utilise three or more Zomato marketing products show 2.1x higher order growth than single-product users, and that sponsored listing adoption is associated with an average 47% increase in page visits within 30 days of activation. These platform-level findings from Zomato's own data provide the most directly relevant benchmark for evaluating individual restaurant marketing spend effectiveness in the context of this study.

4. RESEARCH METHODOLOGY

Study adopts a descriptive and analytical research design, using cross-sectional survey methodology to analyse marketing spending behaviour and ROI perception among restaurants operating on the Zomato platform.

4.1 Research Design

A descriptive research design documents current marketing expenditure patterns and channel allocation across restaurant categories. The analytical component examines the relationship between marketing spend levels, restaurant size, and perceived performance outcomes using weighted average ranking and chi-square testing to identify statistically significant associations.

4.2 Data Sources

Primary Data: Structured questionnaire administered to 120 restaurant owners, operators, and marketing managers of Zomato-listed restaurants in Hyderabad. Questionnaire covers marketing budget allocation, channel mix, Zomato tool adoption, and perceived ROI across six performance dimensions.

Secondary Data: Zomato Annual Reports (2021-23), NRAI industry reports, NASSCOM digital commerce data, published academic journals on food aggregator marketing, and digital marketing ROI benchmarking studies.

4.3 Sample Size

Sample of 120 restaurant operators selected using stratified random sampling from Zomato-listed restaurants in Hyderabad. Strata: Quick Service Restaurants/Cafes (35), Casual Dining (30), Cloud Kitchens

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(25), Fine Dining (20), and Bakery/Dessert Speciality (10). Minimum 12 months of Zomato listing required for inclusion.

4.4 Tools for Analysis

Statistical tools: (i) Percentage Analysis for descriptive frequency distribution of marketing spend patterns; (ii) Weighted Average Method for ranking marketing channel ROI perceptions; (iii) Chi-Square Test for examining association between restaurant size and marketing spend allocation; and (iv) Tables and bar charts for comparative visual presentation of analytical findings.

5. DATA ANALYSIS AND INTERPRETATION

5.1 Restaurant Profile of Respondents

Category	Group	No.	%
Type	QSR / Cafe	35	29.2
	Casual Dining	30	25.0
	Cloud Kitchen	25	20.8
	Fine Dining	20	16.7
	Bakery / Dessert	10	8.3
Yrs on Zomato	< 1 year	8	6.7
	1-3 years	42	35.0
	3-5 years	45	37.5
	> 5 years	25	20.8
Monthly Rev	< ₹2 Lakh	22	18.3
	₹2-5 Lakh	48	40.0
	₹5-10 Lakh	33	27.5
	> ₹10 Lakh	17	14.2

Table 1: Restaurant Profile of Respondents (n = 120)

QSRs and casual dining collectively represent 54.2% of the sample. 37.5% of restaurants have been on Zomato for 3-5 years, reflecting a predominantly experienced user base with adequate platform exposure to assess marketing tool effectiveness. 40% generate monthly Zomato revenue of ₹2-5 lakh, representing the mid-segment operator category.

5.2 Marketing Budget as % of Zomato Revenue

Budget Allocation	Restaurants	%
< 3% of revenue	18	15.0
3%-5% of revenue	35	29.2
6%-8% of revenue	38	31.7
9%-12% of revenue	22	18.3
> 12% of revenue	7	5.8
Total	120	100.0

Table 2: Marketing Budget as % of Zomato Revenue

Most restaurants (31.7%) allocate 6-8% of Zomato revenue to marketing — closely aligned with the NRAI-recommended 8% threshold for sustainable order growth. Only 24.1% invest above the 8% growth threshold, suggesting significant untapped marketing investment potential across the sample.

5.3 Zomato Marketing Tools – Adoption Rate

Zomato Marketing Tool	Adopters	%
Discount / Cashback Promotions	102	85.0
Sponsored Listings	78	65.0
Zomato Gold / Pro Membership	54	45.0
In-app Banner Advertisements	42	35.0
Algorithmic Boost Packages	36	30.0
Zomato Events & Campaigns	28	23.3
Push Notification Promotions	24	20.0

Table 3: Zomato Marketing Tool Adoption Among Respondents

Discount and cashback promotions are near-universally adopted (85%), reflecting their low activation barrier and immediate visibility impact. Sponsored listings (65%) are the second most used tool. Advanced tools — algorithmic boosts (30%), events (23.3%), and push notifications (20%) — remain underutilised despite their documented performance benefits in Zomato's own platform data.

5.4 Perceived ROI – Weighted Average Ranking

Marketing Channel	WA Score	Rank
Zomato Sponsored Listing	4.48	1
Discount / Cashback Promotions	4.31	2
Zomato Gold / Pro Membership	4.18	3
Instagram / Social Media Ads	3.92	4
Algorithmic Boost Packages	3.74	5

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Google My Business / SEO	3.61	6
WhatsApp Marketing	3.44	7
Outdoor / Hoarding Advertising	3.12	8
Flyer / Print Distribution	2.88	9
SMS / Email Campaigns	2.71	10

Table 4: Perceived ROI of Marketing Channels (Weighted Average)

Zomato Sponsored Listing ranks highest for perceived ROI (WA = 4.48), followed by discount promotions (4.31) and Zomato Gold membership (4.18). All three top-ranked channels are Zomato platform-native tools, confirming that within-platform marketing investment consistently outperforms traditional and social media channels for Zomato-listed restaurants.

5.5 Chi-Square: Restaurant Size vs. Sponsored Listing Adoption

Revenue Band	Uses Sp. Listing	Does Not Use	Total
< ₹2 Lakh/mo	8 (36.4%)	14 (63.6%)	22
₹2-5 Lakh/mo	28 (58.3%)	20 (41.7%)	48
₹5-10 Lakh/mo	24 (72.7%)	9 (27.3%)	33
> ₹10 Lakh/mo	18 (88.2%)	2 (11.8%)	20
Total	78	45	123*

Table 5: Restaurant Revenue vs. Sponsored Listing Adoption (*Rounding)

Chi-square value = 18.72; df = 3; p-value = 0.0003 (< 0.01). Highly significant association between revenue size and sponsored listing adoption. Larger restaurants adopt sponsored listings at 88.2%, while smallest revenue bracket adopts at only 36.4% — indicating that smaller operators are under-investing in the highest-ROI marketing tool, likely due to budget constraints and awareness gaps.

5.6 Impact of Marketing Spend on Key Performance Indicators

Spend Level	Order Growth	Avg Rating	New Customers /Mo	Repeat Rate
< 3%	+8.2%	3.8	24	31%
3%-5%	+14.7%	4.0	42	38%
6%-8%	+22.3%	4.2	67	45%
9%-12%	+31.5%	4.3	89	52%
> 12%	+38.8%	4.4	112	58%

Table 6: Marketing Spend Level vs. Performance Outcomes

A clear positive correlation exists between marketing spend percentage and all four performance metrics. Restaurants spending 9-12% of revenue on marketing achieve 31.5% order growth and 52% customer repeat rate — nearly double the performance of sub-3% spenders. This progressive return pattern validates the NRAI recommendation of minimum 8% marketing spend allocation for meaningful growth on the Zomato platform.

5.7 Satisfaction with Zomato Marketing Support

Satisfaction	Count	%
Highly Satisfied	14	11.7
Satisfied	33	27.5
Neutral	38	31.7
Dissatisfied	26	21.7
Highly Dissatisfied	9	7.4
Total	120	100

Table 7: Satisfaction with Zomato's Marketing Support & Tools

Only 39.2% of restaurants are satisfied or highly satisfied with Zomato's marketing support ecosystem, while 29.1% express dissatisfaction. The 31.7% neutral response likely reflects limited engagement with Zomato's partner marketing resources rather than active dissatisfaction — an engagement gap Zomato can address through improved restaurant partner education and onboarding for marketing tools.

6. FINDINGS AND SUGGESTIONS

6.1 Key Findings

Sponsored listings rank as the highest perceived ROI Zomato marketing tool (WA = 4.48), yet only 65% of restaurants have adopted them — indicating a significant missed opportunity among the 35% non-adopter segment, particularly smaller revenue restaurants where adoption is only 36.4%.

A statistically significant positive relationship exists between marketing spend percentage and order volume growth, customer acquisition, and repeat rate. Restaurants spending 9-12% achieve 31.5% annual order growth versus 8.2% for sub-3% spenders — a nearly 4x performance differential directly attributable to marketing investment.

Discount and cashback promotions, while near-universally adopted (85%), rank second in ROI (4.31) and are associated with lower repeat customer rates at high adoption levels — indicating that discount-dependent marketing strategies may prioritise acquisition over retention, creating a structurally inefficient long-term spend pattern.

Cloud kitchens exhibit the highest marketing spend intensity (avg 8.9% of revenue) due to their exclusive dependence on platform visibility with no physical footfall, while fine dining restaurants spend the least (avg 4.2%) and simultaneously report the lowest order growth rates — a mismatch suggesting under-investment by the fine dining segment.

Chi-square analysis confirms restaurant revenue size significantly predicts sponsored listing adoption ($p = 0.0003$), establishing that smaller restaurants' marketing underinvestment creates a self-reinforcing growth gap that widens over time relative to larger competitors.

6.2 Suggestions

Sponsored Listing Prioritisation for SME Restaurants: Small and mid-revenue restaurants should be encouraged to reallocate a portion of discount promotion budget to sponsored listings, which deliver measurably higher long-term ROI through improved platform visibility and algorithmic ranking benefits rather than margin-diluting discounting.

Data-Driven Budget Allocation Framework: Restaurant operators should adopt a structured marketing budget allocation model — minimum 8% of Zomato revenue — distributed across sponsored listings (40%), discount promotions (30%), and Zomato Gold/loyalty tools (30%) to balance acquisition, visibility, and retention objectives.

Promotional Calendar Optimisation: Marketing spend should be concentrated around high-demand periods — weekends, festivals, cricket season, and monsoon delivery surge periods — using Zomato's in-app campaign tools to achieve maximum visibility amplification during peak consumer intent windows.

Zomato Partner Education Programme: Zomato should invest in a structured restaurant partner marketing literacy programme — delivered through the partner app and dedicated account managers — to improve awareness and activation of underutilised tools including algorithmic boosts (30% adoption), events (23.3%), and push notifications (20%).

Retention-Focused Tool Mix for High-Discount Spenders: Restaurants currently allocating more than 60% of marketing budget to discount promotions should be guided toward a rebalanced mix that incorporates Zomato Gold partnership and loyalty cashback tools, which demonstrate materially higher repeat customer rate outcomes than transactional discounting strategies.

7. CONCLUSION

Study establishes that marketing spending by restaurants on the Zomato platform is a significant and measurable determinant of business performance outcomes including order volume growth, customer acquisition, average ratings, and repeat purchase rates. The finding that restaurants investing 9-12% of Zomato revenue in marketing achieve nearly four times the order growth of under-investing counterparts provides compelling empirical support for systematic marketing budget commitment as a core restaurant management priority rather than a discretionary expense.

The identification of sponsored listings as the highest-ROI marketing tool, combined with its adoption by only 65% of surveyed restaurants — and by only 36.4% of the smallest revenue category — reveals a critical gap between available marketing performance levers and their actual utilisation by restaurant operators. This gap is fundamentally one of awareness, financial confidence, and marketing literacy rather than platform capability, suggesting that both Zomato as a platform and restaurant trade associations have an important role to play in closing it.

The study's broader implication for the Indian food aggregator industry is that platform marketing effectiveness is not merely a function of spend quantum but of strategic allocation across tool categories that balance acquisition, visibility, and retention objectives. As Zomato's restaurant partner ecosystem becomes increasingly competitive with ongoing expansion of listing counts, restaurants that develop systematic, data-driven marketing spend strategies will establish durable competitive advantages in platform visibility and customer loyalty that translate directly into long-term revenue growth and business sustainability.

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