

# Should Zomato enter the e-ticketing industry?



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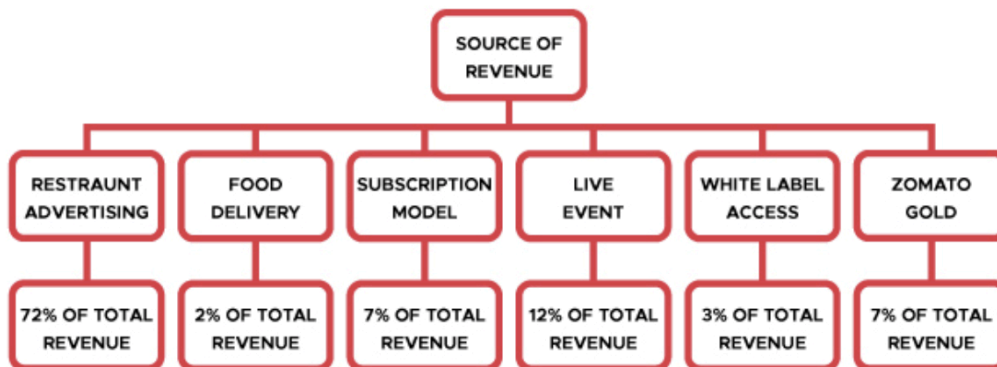
## 1. About Zomato

The company was launched in 2008 and has kept the customers engaged for 14 years. The main mission of the company is to serve the people with convenience, by connecting them with various restaurants on the application, where they order their favourite food conveniently.

The vision indicates the aim of the company to serve food to maximum people which would traipse their interest with the delicious food.

Zomato deals with restaurant partners with industry-specific marketing tools that bring them to engage and acquire customers to grow their business with more productivity.

# ZOMATO REVENUE MODEL



## 1.1 Zomato's History and acquisitions

- In 2010 Zomato ( then FoodieBay) started as a restaurant-listing and recommendation portal.
- In 2011, Zomato also launched zomato.xxx, a site dedicated to food porn.
- 2011- 2015: Zomato expanded to multiple cities and countries in various languages. In November 2021, Zomato ceased its services in all countries except India and the United Arab Emirates
- In 2015, Zomato started its food delivery service in India
- In April 2015, Zomato acquired American online table reservation platform NexTable, and renamed it Zomato Book. In January 2016, it launched Zomato Book's table reservation feature on its application in India.
- In April 2015, it acquired cloud-based point of sale (PoS) company MapleGraph Solutions and, in April 2016, launched its own version of PoS for restaurant owners called Zomato Base, comprising menu and inventory management, payment system, and analytics.
- Later that year, Zomato acquired Sparse Labs (renamed Zomato Trace) and integrated the latter's real-time delivery location tracking technology on its food delivery platform.
- In February 2017, the firm announced plans to launch Zomato Infrastructure Services, a cloud kitchen infrastructure service to help partner restaurants expand their presence without incurring any fixed costs. In 2018, Zomato shut down operations of Zomato Infrastructure Services
- Later in 2017, it introduced a paid membership program called Zomato Gold using which subscribers could get offers and discounts on dining and food delivery at Zomato's partner restaurants.
- Zomato then acquired WOTU and rebranded it as Hyperpure to supply food ingredients such as grains, vegetables and meat to restaurants from its warehouses.

- In December 2018, Zomato launched its annual multi-city food and entertainment carnival called Zomaland.
- In April 2020, Zomato began delivering groceries and essentials under a service named Zomato Market in 80+ cities across India.
- In April 2020, it introduced contactless dining at its partner restaurants.
- In May 2020, Zomato also began delivering alcohol in West Bengal, Jharkhand and Odisha. In April 2021 it shut this operation
- In April 2022, Zomato launched a pilot of 10-minute food delivery in Gurgaon called Zomato Instant. In June 2022, Zomato announced the acquisition of quick-commerce company Blinkit
- In August 2022, Zomato launched a service called Intercity Legends that allowed users to have food delivered from famous restaurants in other cities within a few days.
- In November 2022, Zomato introduced Zomato Pay feature, which allowed users to make payments at partner restaurants and avail offers, and partner restaurants to promote themselves.

Zomato has a huge risk appetite and is inclined towards emerging trend

## 1.2 Zomaland

Zomaland is a first-of-its-kind food and entertainment carnival that started across three cities in India- Delhi, Pune and Bengaluru. Zomaland is a going-out business, which includes dining out and events, reported a revenue of Rs 49 crore for the September quarter, an 88% year-on-year growth

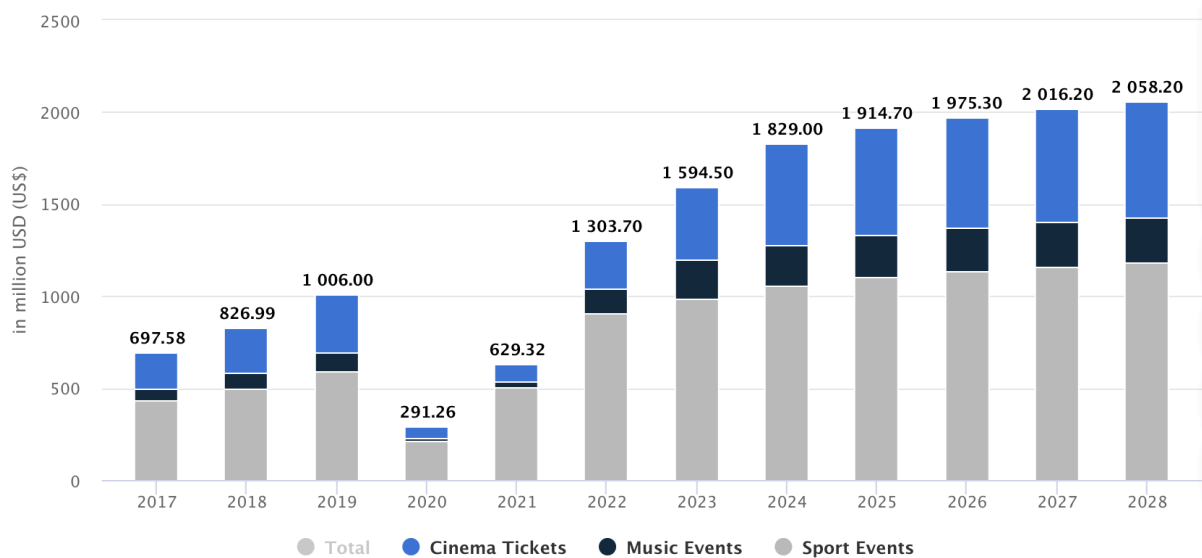
This platform brought together some of the top chefs and eateries from across the country, a stellar line-up of music artists and DJs, and never-seen-before interactive installations. It also featured a vintage funfair with carnival games and fascinating photo booths, along with vibrant food parades, enthralling street performances and a dedicated zone for the children.

Zomato Live Entertainment, the events vertical of food delivery platform Zomato, is set to expand its reach by venturing into new cities and developing fresh intellectual properties (IPs). Currently, Zomato Live contributes a single-digit percentage to Zomato's overall revenue. Launched in 2018, Zomato Live initially focused on the Zomaland IP, a food carnival and music festival that has now expanded to eight cities. It has attracted around 200,000 customers with its holistic experience of food, entertainment, and music

Reflecting on Zomato's profitability milestone with Zomaland, Zomato Live CEO Zeenah Vilcassim emphasized a strategic focus on developing sustainable IPs. Zomato Live acknowledges market dynamics and aims to diversify its event offerings to mitigate risks and provide a mix of large-scale and smaller events.

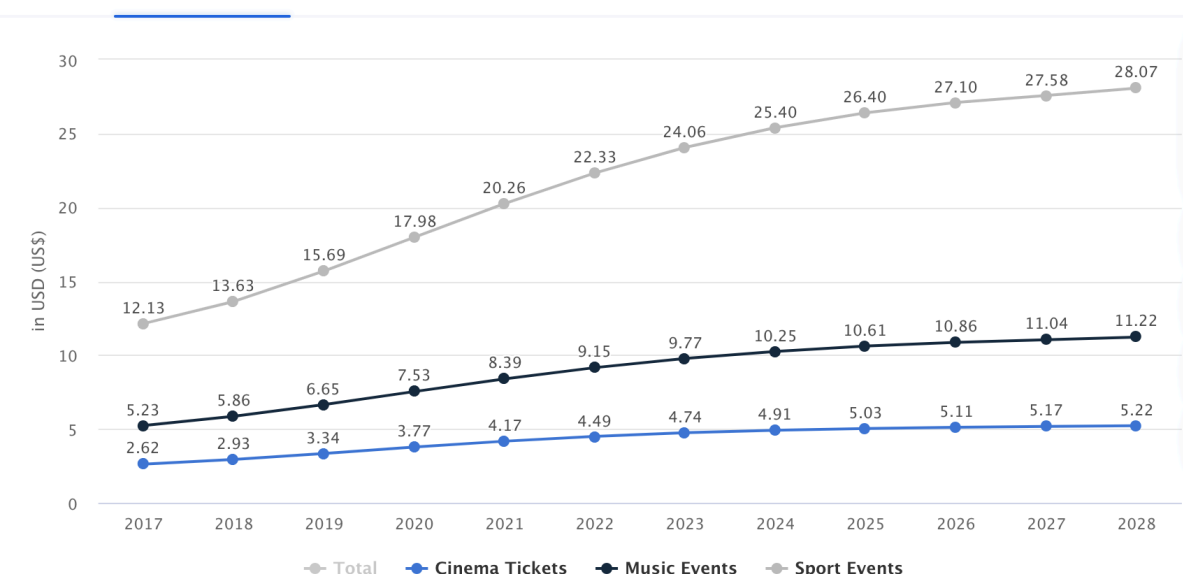
## 2. Entertainment and event ticketing industry

- The Event Tickets market in India is projected to generate a revenue of US\$1,829.00m in 2024.
- The market is expected to experience an annual growth rate (CAGR 2024-2028) of 2.99%, resulting in a projected market volume of US\$2,058.00m by 2028.
- In India, the Sport Events market is projected to reach a market volume of US\$1,055.00m in 2024.
- When compared globally, in the United States is expected to generate the highest revenue in this market, with US\$36,260.00m in 2024.
- The average revenue per user (ARPU) in the Event Tickets market is projected to be US\$19.46 in 2024.
- Additionally, the number of users in the Indian Event Tickets market is expected to reach 99.2m users by 2028.
- With regards to user penetration, it is estimated to be 6.6% in the Indian Event Tickets market in 2024.
- India's event ticket market is experiencing a surge in online sales as consumers increasingly prefer the convenience and accessibility of eServices.



*Total revenue in USD millions*

#### AVERAGE REVENUE PER USER BY SEGMENT



*Average revenue per user per segment in USD (millions)*

The key trends driving the online event ticketing market in India are partnerships and integration with other services. Social media platforms are connecting with online event ticketing systems to utilize influencer marketing and reach a bigger audience.

The prognosis indicates a strong trend, with a projected **11.44% annual growth rate (CAGR 2022–2027)**. In the future, the market is anticipated to grow to unprecedented heights, with a projected value of US\$53.13 billion by 2027.

## 2.1 Market Opportunities

- The online event ticketing industry in India has several opportunities for growth and development. While online ticketing platforms have gained traction in major cities, there is still significant potential for expansion into tier 2 and tier 3 cities in India. These cities have a growing urban population and an increasing number of entertainment events. By catering to these regions, online ticketing platforms can tap into new markets and reach a wider audience.
- Collaborating with event organizers, promoters, and venues can provide opportunities for exclusive partnerships and early access to ticket sales. Such collaborations can help online ticketing platforms secure premium inventory, offer bundled deals, and gain a competitive advantage by providing unique experiences to users.
- Social media platforms have a significant influence on user behavior and event discovery. Online ticketing platforms can leverage social media integration to enable users to share events, purchase tickets directly from social media platforms, and facilitate influencer marketing to promote events to a wider audience.

## 2.2 Established competitors

Paytm Insider commands 44.76% Market Share, While BookMyShow holds 55.24% in Live Events for FY23

### **BookmyShow**

The company is currently India's largest entertainment ticketing platform. BookMyShow converted into a platform catering to cloud-based ticket booking of events, movies, sports, and plays. Online ticket bookings played a pivotal role in the turnaround, comprising 63% of the total operating revenue

Diverse revenue streams such as advertising, streaming, food and beverage sales. The total revenues of movie and events ticketing platform BookMyShow hit a record high in FY23, rising 239% to Rs 1,027 crore with a net profit of Rs 85 crore. Its online ticketing business grew 182% to Rs 614 crore in FY23, accounting for about 63% of the total operating revenues.

### **Paytm Insider**

Paytm Insider, run through Wasteland Entertainment, saw its revenues jump four times to Rs 192 crore and losses decrease by 27% to Rs 19.2 crore in FY23.

## 3. Should Zomato enter?

### 3.1 SWOT analysis

Let's evaluate strengths and weakness for Zomato and what's in it for Zomato to enter?

#### **Strengths:**

- Strong brand recognition
- Large existing customer base : 80 million monthly active users as of March 2023.
- Zomato's organic searches: 53.63%
- The monthly transacting customer base grew in 2022: by 116%
- Number of listed restaurants on Zomato: 1.4 million
- Number of Zomato Gold users: 900K
- Financial resources from the food delivery business
- Potential for synergies with its existing platform.
- Entertainment carnival: Zomaland. Zomato has some experience in organizing zomaland and it's very popular among customers
- Strategic partnerships and collaborations with food industry and also artists,

#### **Weaknesses:**

- Limited expertise in content creation and distribution.
- Not much experience with the cinema industry or production houses or streaming services

- Does not have the tech ready to cater to e-ticketing business
- Entering a market with established competitors like Paytm Insider and BookMyShow means facing intense competition, requiring substantial efforts to gain market share.

#### **Opportunities:**

- Growing demand for digital entertainment.
- Poor dining or food experiences in concerts
- Collaboration opportunities with existing entertainment companies.
- Diversification to reduce reliance on the food delivery market.
- Offering personalized recommendations based on user preferences for events, shows, and related services.

#### **Threats:**

- Intense competition from established entertainment platforms.
- Rapid changes in consumer preferences.
- Regulatory challenges in the entertainment sector.

### **3.2 Porter's Five Forces Analysis:**

#### **Threat of New Entrants:**

- High initial investments but Zomato's financial resources and willingness to take risks and ride on emerging trends will be a crucial factor
- Zomato's existing brand recognition and customer base could be advantageous.
- Barriers to entry may include the need for content creation expertise and partnerships with established entertainment entities.

#### **Bargaining Power of Buyers:**

- Consumers have various entertainment options, reducing individual bargaining power.
- Zomato's brand loyalty in the food delivery industry might transfer to the entertainment sector.
- Zomaland has been widely loved by customer base, indicating that users will be willing to try food concerts and more

#### **Bargaining Power of Suppliers:**

- Content creators, producers, and distributors hold significant power.
- Negotiating favorable content deals and partnerships would be crucial for Zomato.

#### **Threat of Substitutes:**

- Numerous substitutes exist in the entertainment industry, making differentiation vital.

- Zomato's ability to offer unique and compelling content could mitigate the threat of substitutes.

#### **Intensity of Competitive Rivalry:**

- The entertainment industry is highly competitive with established players.
- Zomato would face competition from streaming giants, traditional media, and emerging platforms.

### **3.3 Comparison with Competitors:**

#### **Paytm Insider**

Pros for Paytm Insider:

- Already established in the entertainment ticketing and events space.
- Integration with the broader Paytm ecosystem, providing a wide range of services.

Cons for Paytm Insider:

- Potential challenges in food-related services compared to Zomato's expertise.
- Zomato's larger existing user base may provide an advantage.

#### **BookMyShow:**

Pros for BookMyShow:

- Established as a leading platform for booking movie tickets and events.
- Strong relationships with cinemas and entertainment venues.

Cons for BookMyShow:

- May face challenges in expanding beyond traditional ticketing into other areas like food delivery.
- Zomato's broader user base and potential cross-promotions could be a competitive threat.

Zomato has a well-established brand and a large user base from its food delivery platform, providing a potential customer base for its entertainment services and can explore synergies between its food delivery business and entertainment services, offering bundled deals or promotions to attract more users. Zomato's existing financial resources from its successful food delivery business could provide a strong foundation for entering the entertainment industry. Hence, **Zomato should enter the e-ticketing industry**

## **4. Why should Zomato enter?**

Zomato should enter the e-ticketing industry with a strong objective of monetization and diversification. Diversifying into entertainment can help Zomato expand its market presence beyond food delivery and reduce dependency on a single industry.

**Pain Point:**

One of the prominent challenges customers face in the e-ticketing business, which Zomato aims to address, is the lack of a unified platform that seamlessly integrates event ticketing with food experiences. Customers often find it cumbersome to navigate multiple platforms for event tickets and dining options, leading to a disjointed and less enjoyable overall experience.

## 5. How to enter?

**Where to enter?** Zomato can begin to enter the e-ticketing industry in tier-2 and tier-3 cities with college campuses where the e-ticketing industry isn't saturated yet and there's a demand for new entertainment avenues. Zomato should focus on food concerts, local fetes, college fairs, artists, plays and try to ace the culinary experience giving them a head-start in this game.

### 5.1 GTM Strategy

#### 1. Unified E-Ticketing and Dining Platform:

Zomato will introduce a consolidated platform where customers can effortlessly purchase event tickets and pre-order food simultaneously.

Leverage Zomato's existing technological infrastructure to seamlessly integrate e-ticketing services with its food platform, offering users a one-stop solution for event attendance and dining arrangements.

#### 2. Personalized Culinary Experiences:

Utilize Zomato's extensive user data to curate personalized food experiences tailored to individual tastes, creating a unique value proposition for event-goers.

Employ Zomato's data analytics capabilities to understand user preferences and provide customized food recommendations that complement the event experience.

#### 3. Exclusive Restaurant Partnerships:

Establish strategic partnerships with Zomato's extensive network of restaurants to offer exclusive event menus and discounts for e-ticket holders.

Leverage existing relationships with restaurants to create special packages or promotions for customers who purchase event tickets through Zomato, enhancing the overall value proposition.

## *Appendix*

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