

# Food delivery firms agree to pare discounts

## Aggregators, restaurants close to truce after 'LogOut' protest against deep discounting

### FORUM GANDHI

Mumbai, August 20

Online food discovery companies have agreed to tweak their schemes and offers in a manner that addresses restaurateurs' concerns around deep discounting.

Representatives of the National Restaurateurs Association of India (NRAI) have met those of Zomato, Swiggy, MagicPin, Gourmet Passport, EazyDiner and NearBuy over the past two days in a bid to cobble up an agreement.

The association's President Rahul Singh said: "The NRAI and aggregators were in agreement that technology is the backbone to enable res-

taurant discovery and a frictionless experience to the guests. However, guests should not be lured by devaluing the core product at a restaurant."

Therefore, it was decided that "all aggregators will rejig their features" to allow the restaurant-customer ecosystem to "detox from the addiction of deep discounts that has crippled the industry", he added.

Anshoo Sharma, co-founder and CEO, MagicPin, said in a statement: "We are fully supportive of NRAI's cause and are looking forward to working together to create sustainable impact for

### What's cooking

- Food aggregators offer several incentives such as 1+2 offers and discounts up to 50%
- The discounts are funded by the restaurants, not aggregators
- Restaurants get no share of the subscription fees charged by aggregators
- Aggregators have now agreed to "rejig their features" to allow the restaurant-customer ecosystem to "detox from the addiction of deep discounts"

its members through the use of technology."

On August 15, 300 restaurateurs signed up to the 'LogOut'



restaurants have logged out of online delivery platforms, according to sources.

### Staying competitive

At the NRAI's meetings with food delivery firms, it was understood that the latter were promoting deep discounts to stay competitive.

"While one aggregator gave 1+1 offers, another had to adopt a 50 per cent discount to stay relevant," said Singh. "And what hurts the most is that these deep discounts are funded by the restaurant industry and not the aggregators. Moreover, as opposed to the general perception, restaurants do not get any share of the proceeds that aggregators generate from guests as subscription fees."

Rampant discounting is

one of the worst things aggregators can do because they are conditioning customers into de-valuing the product, the NRAI has noted.

The idea of scoring a discount should make guests feel special and not give them a sense of beating the system, Singh observed.

"Discount is a privilege and not a right. Discounting works well in the retail space, because brands can limit supply — or at least make it look like supply is limited — and therefore create a sense of urgency in the eyes of the consumer. Unlike retail, where an end-of-season sale is to clear the leftovers, a restaurant doesn't serve leftovers at a discounted price. It's all prepared fresh and made to order," he added.

campaign against online food delivery platforms, challenging their deep discounting practices. So far, over 2,500