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ZOMATO Turn Around: How to Tackle Open Network for Digital Commerce (ONDC)

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Abstract:

Abstract: In a significant move, Zomato, India's pioneering unicorn startup, made the decision to go public in 2021 as the company was suffering from severe financial losses, and as a result, the decision to pursue an initial public offering (IPO) was a necessary. And even though the IPO turned out to be a success, the period following that was no less than a nightmare for Zomato. The path to profitability remained uncertain. The decline in stock prices led to a significant sell-off by early investors, causing the company's market capitalization fall by nearly 70% within a mere six-month period.

During that time, the company implemented a series of strategic measures that not only led to profitability, but also positioned it as one of the most impressive turnaround stories in India. Zomato's journey has been nothing short of a rollercoaster ride. Against all odds, Zomato managed to bounce back and establish itself as one of the most renowned start-ups in India.

But now that the Indian government has unveiled Open Network Digital Commerce (ONDC), a low-cost system that helps millions of eateries and small enterprises, the nightmare appears to be continuing. Not surprisingly, given how commonplace delivery apps have become among eateries, a lot of them were keen to take advantage of ONDC's potential revenue boost. Zomato charge a much higher commission to restaurants than ONDC does. Zomato's market share might be in jeopardy because it was relatively easy to persuade a seller to join ONDC at little extra cost. As a result, Zomato was faced with a difficult decision: how to develop a strategic plan and modify its methodology in order to overcome the obstacles presented by ONDC?



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