

# Leveraging Artificial Intelligence for Pricing Optimization and Consumer Behavior Insights: An Empirical Study on Zomato

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## Abstract

This study examines how Zomato's use of artificial intelligence (AI) in pricing, personalized offers, and customer engagement influences consumer spending behavior and profitability. Although Zomato already employs AI in delivery prediction, recommendations, and customer support, existing research has not connected these AI capabilities with customer discount behavior or profitability outcomes. This paper fills that gap by analyzing user responses to discounts through an AI-driven managerial perspective. The original descriptive statistics and chi-square analysis remain unchanged but are reframed to show how AI can optimize pricing decisions and promotional efficiency. The results indicate that users respond well to moderate and personalized offers, suggesting opportunities for AI-based segmentation, churn prediction, and dynamic pricing to reduce unnecessary discounts and strengthen retention. By linking behavioral data with AI-enabled pricing intelligence, the study contributes a unique perspective on how Zomato can enhance profitability through smarter offer management. Overall, the research demonstrates that integrating

AI into Zomato's discount strategy can significantly improve operational efficiency, customer loyalty, and long-term financial performance.

**Keywords:** Artificial Intelligence, Dynamic Pricing, Personalized Offers, Zomato, Predictive Analytics, Customer Behavior

## 1. Introduction

Across the world, artificial intelligence (AI) is transforming how digital businesses operate, make decisions, and interact with customers. Companies in sectors such as e-commerce, logistics, travel, and food delivery increasingly depend on AI to analyze large amounts of data, predict customer behavior, and personalize services. Global food delivery platforms like Uber Eats, DoorDash, and Deliveroo use AI for recommendation systems, demand forecasting, dynamic pricing, and route optimization. This shift shows that AI is no longer optional — it has become a key factor in improving customer experience and long-term profitability.

In India, the online food delivery industry has grown rapidly due to rising smartphone usage, better internet access, and changing food habits. Platforms like Zomato and Swiggy serve millions of customers daily and depend heavily on technology to manage operations at scale. With intense competition and high customer expectations, Indian platforms are increasingly adopting AI to improve delivery accuracy, reduce costs, personalize offers, and understand consumer preferences better. The Indian market is also highly price-sensitive, and customers often rely on discounts, which makes AI-based pricing and offer management even more important.

AI has further become crucial as Indian consumers demonstrate dynamic and evolving ordering patterns. Users explore new cuisines, switch platforms based on offers, and seek convenience and speed. As a result, platforms must move beyond traditional discount-led strategies toward more intelligent, predictive systems. AI enables food delivery companies to analyze ordering history, identify patterns of price sensitivity, recognize high-value versus low-value customers, and design precise promotional interventions. With increasing competition, the ability to deploy AI for hyper-personalization, real-time pricing, and behavioral prediction has become a strategic differentiator.

However, very limited research has explored how AI can optimize Zomato's pricing strategies, discount patterns, and promotional decisions. Most studies focus on general satisfaction or marketing strategies, leaving a gap in understanding how AI can influence profitability and offer management. This study addresses that gap by analyzing customer responses to discounts and interpreting the findings through an AI-driven perspective. The research shows how AI can help Zomato personalize offers, reduce unnecessary discount spending, identify loyal and price-sensitive users, and improve profitability. By combining behavioral data with AI-based insights, the study highlights how Zomato can shift from broad discounting to smart, targeted, and profit-focused promotional strategies.

## 2. Review of Literature

### 2.1. Customer Satisfaction Towards Zomato Online Services in Chennai – Vignesh Babu M.R.

This study evaluates user satisfaction based on factors like app interface, pricing, delivery staff behavior, and food variety. In Chennai, customers prioritized affordability, wide restaurant options, smooth UI, and fast delivery. The research showed that satisfaction varies by platform reliability but highlighted the importance of convenience and promotional offers. Service quality and trust were found to be essential in building loyalty. The study emphasizes that a responsive and user-friendly platform drives higher customer retention.

*Link: [https://sist.sathyabama.ac.in/sist\\_naac/documents/1.3.4/39280102%20VIGNESH%20B.pdf](https://sist.sathyabama.ac.in/sist_naac/documents/1.3.4/39280102%20VIGNESH%20B.pdf)*

### 2.2. Neuro-pricing in Food Delivery Apps: A Study of Swiggy and Zomato – Suneetha Sistla, Fajhar Faizel, Rahul R.

This qualitative study explores how neuro-pricing techniques influence consumer behavior on Zomato and Swiggy. It used focus-group interviews to assess visual pricing elements like font style, tax visibility, delivery charges, and discount framing. These pricing cues affected users' subconscious value perception and choices. The study offers actionable insights into designing emotionally compelling pricing strategies. It advances understanding of how subtle pricing visuals and psychological triggers affect buying decisions.

*Link: <https://ijrpr.com/uploads/V5ISSUE9/IJRPR33108.pdf>*

### 2.3. A Study on Customer Satisfaction on Zomato – Athkur Suman

This study surveyed commerce students using structured questionnaires to evaluate satisfaction with Zomato. Respondents expressed high satisfaction in areas like app ease, pricing, food quality, delivery, and packaging. Results showed expectations were exceeded, with 80% of users likely to recommend the app. The study highlighted Zomato's strengths in perceived value and service among college students. It also suggested improved engagement to maintain high satisfaction levels.

*Link: <https://www.jetir.org/papers/JETIR2112566.pdf>*

### 2.4. A Study on Product and Brand Strategy of Zomato – Essakki Amlu M.

This research examined Zomato's brand evolution, from Foodiebay to a global food-tech giant, using primary surveys and secondary sources. It analyzed marketing strategies including influencer campaigns, Zomato Gold, and social media efforts. SWOT and brand positioning revealed strong appeal among urban youth but suggested the need for regional and rural expansion. Suggestions included features like language support, kids' meals, and

promotional contests. The study concludes that regional customization could enhance loyalty and market presence.

*Link: [https://sist.sathyabama.ac.in/sist\\_naac/documents/1.3.4/39280056%20AMLU.pdf](https://sist.sathyabama.ac.in/sist_naac/documents/1.3.4/39280056%20AMLU.pdf)*

## **2.5. A Study on Consumer's Behavior on Online Food Delivery System – Mr. Vibhor Vilas Mandokar, Dr. Vishal Dilip Chavan, Prof. (Dr.) Bhawna Sharma**

Based on data from 102 Mumbai respondents, and the study explores consumer behavior on platforms like Zomato and Swiggy. Key drivers include fast delivery, user-friendly design, pricing, and discount offers. Zomato had a slight edge over Swiggy in user preference, especially among younger users and professionals. Older users showed limited familiarity with these platforms. The study emphasizes that convenience and promotional incentives heavily influence user choice.

*Link: <https://ijrpr.com/uploads/V6ISSUE5/IJRPR44529.pdf>*

## **2.6. A Study on Consumer Behavior and the Impact of Food Delivery Apps on the College Students in Bangalore – P. Niharika Nanaiah**

This research surveyed students from six Bangalore colleges to study usage patterns of apps like Zomato, Swiggy, and Uber Eats. Key factors included delivery speed, restaurant variety, offers, and app interface. Students preferred Swiggy for delivery efficiency, but Zomato remained competitive through discounts and add-on services. Millennial users showed high engagement, driven by cost-effectiveness and convenience. The study recommends personalized features and pricing strategies to boost app loyalty among students.

*Link: [https://www.ijresm.com/Vol.3\\_2020/Vol3\\_Iss3\\_March20/IJRESM\\_V3\\_I3\\_120.pdf](https://www.ijresm.com/Vol.3_2020/Vol3_Iss3_March20/IJRESM_V3_I3_120.pdf)*

## **2.7. What Made Zomato's Comprehensive Marketing Strategy a Success – Vaishali Tripathi**

This article outlines Zomato's strategic use of advertising, brand positioning, and audience segmentation to dominate the food delivery market. It highlights Zomato's targeting of 18–35-year-old urban millennials and Gen Z through STP and influencer marketing. The brand used paid search/display ads and platform innovations like Zomato Pro to retain users. Zomato's visibility in digital spaces where people search for food enhanced its brand recall. The article concludes that personalization and innovation were key to Zomato's success.

*Link: <https://www.themediaant.com/blog/zomato-marketing-strategies/>*

## 2.8. How Zomato Can Transform Its Offerings with Generative AI by Techginity

Techginity argues that generative AI holds transformative potential for Zomato by enabling hyper-personalized customer experiences, optimizing operations, and creating novel engagement channels. Their vision includes intelligent chatbots that converse naturally with users, dynamic pricing systems backed by AI predictive models, and route optimization to improve delivery efficiency. According to their analysis, generative AI could also drive content creation — such as crafting personalized dish descriptions, notifications, and marketing messages — and even help restaurants generate virtual menus or predict dish popularity. By bringing these generative AI capabilities to Zomato's core, Techginity suggests that Zomato can significantly elevate both customer satisfaction and business performance, turning AI not just into a support tool but into a strategic driver of innovation and competitive advantage.

*Link:* <https://www.techginity.com/blog/how-zomato-can-transform-its-offerings-with-generative-ai>

## 2.9. Zomato Marketing Strategy - A Detailed Case Study by Sayani Mukherjee

According to MyIDCM (Mukherjee, 2025), Zomato's marketing strategy is deeply data-driven and continuously evolving. The blog highlights Zomato's use of AI-based recommendations and location tracking to deliver a highly personalized user experience. Zomato's strength lies not only in its technology but also in its diverse offerings — from food delivery and table reservations to grocery services — which helps maintain broad customer engagement. However, MyIDCM also points out a notable weakness: Zomato's heavy reliance on discounts and cashback, which, while effective for acquisition, erodes profit margins. The blog further explores Zomato's digital marketing mix, noting its strong SEO performance, creative social media campaigns, push notification strategy, influencer partnerships, and a loyalty program (Zomato Pro) aimed at retaining high-value customers. Altogether, this analysis suggests Zomato is leveraging advanced technology and marketing to strike a delicate balance between growth and profitability.

*Link:* <https://www.myidcm.com/blog/zomato-marketing-strategy>

## 3. Research Questions

1. How does Zomato's pricing and offers influence consumer decisions while placing food orders?
2. Do offers encourage users to spend more or order more frequently?
3. What is the consumer's perception of value when using Zomato with and without offers?
4. Are consumers loyal to Zomato or do they switch platforms based on better deals?
5. Can Zomato sustain profitability while continuing to use heavy discounting strategies?

6. How can artificial intelligence optimize Zomato's discount allocation to reduce unnecessary promotional costs?
7. Can AI-driven personalization improve customer retention and reduce dependency on discounts?
8. How can AI-supported dynamic pricing contribute to long-term profitability for Zomato?

## 4. Objectives

1. To study the effect of pricing and promotional strategies on customer spending behavior in online food delivery systems.
2. To evaluate the impact of Zomato's discount-based pricing on customer retention and per-order profitability.
3. To examine the sustainability of offer-driven sales and the potential for long-term customer loyalty without heavy discounts.
4. To analyze how artificial intelligence can optimize Zomato's pricing decisions and personalized offers to enhance customer retention and improve overall profitability.

## 5. Research Design

- **Research Type & Approach:** Descriptive research using a quantitative approach to study Zomato users' spending behavior, discount usage, and loyalty patterns.
- **Data Source & Sample:** Primary data collected via a structured Google Form survey from **58 active Zomato users** of varied age groups and genders, using convenience sampling.
- **Data Collection Method:** Questionnaire with 12 categorical questions covering discount usage, average spends, offer influence, and loyalty; responses recorded on nominal and ordinal scales.
- **Data Analysis Tools:** Descriptive statistics (frequency, percentage), visualizations (pie/bar charts), and **chi-square test** for gender versus willingness to continue ordering if discounts are reduced.
- **Scope & Ethical Considerations:** Focuses on user behavior regarding discounts and pricing; data collected anonymously, participation voluntary, used solely for academic research.

## 6. Data Collection Methodology

### Data Collection Method

- **Source:** Primary data via Google Form survey.
- **Respondents:** 58 active Zomato users.
- **Demographics:** Mixed age groups (18–60 years), both genders, varied educational backgrounds.

- **Data Type:** Categorical responses to 12 structured questions.

#### Analysis Tools

- **Descriptive Statistics:** Frequency and percentage.
- **Visualizations:** Pie charts for each question.
- **Chi-square Test:** Conducted for one key question to test association between gender and willingness to continue ordering if discounts are reduced.

## 7. Limitations of the Study

- **Small Sample Size:** Only 58 respondents were surveyed, which may limit the generalizability of the findings.
- **Convenience Sampling:** Participants were selected based on availability, introducing potential selection bias.
- **Self-Reported Data:** Responses may be influenced by social desirability or inaccurate recall of spending and discount usage.
- **Limited Demographics:** The study may not fully represent all age groups, regions, or income levels of Zomato users.
- **Focus on Discounts Only:** Other factors affecting customer loyalty and spending, such as food quality or delivery experience, were not deeply analyzed.

## 8. Data Analysis

### Detailed Summary Table of Data Analysis

Q.No	Question	Dominant Response	% Respondents	Key Insight	Visualization
1	How often do you use Zomato discounts/offers?	Sometimes	45%	Users use offers regularly but not excessively	Pie Chart
2	Typical discount percentage used	Up to 20%	50%	Most users prefer moderate discounts	Pie Chart
3	Average spend per order	₹200–₹400	60%	Mid-range spending is most common	Pie Chart
4	Does discount make you buy more items?	Slightly	40%	Offers mildly increase order quantity	Pie Chart
5	Importance of discounts in choosing Zomato	Moderately important	48%	Discounts influence choices but are not the only factor	Pie Chart

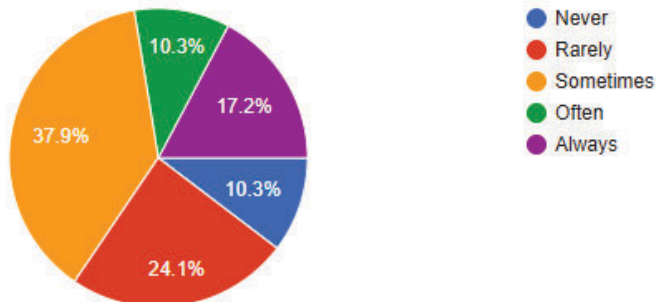
6	Frequency of cashback/combo use	Sometimes	42%	Cashback/ combo deals moderately used	Pie Chart
7	Would you keep ordering if discounts reduced?	Maybe	52%	Customer loyalty uncertain without offers	Pie Chart
8	Do offers make you try new dishes/ restaurants?	Often	46%	Offers encourage experimentation	Pie Chart
9	Perception of frequency of discounts	Just right	58%	Users perceive Zomato's offer frequency as balanced	Pie Chart
10	Would you pay full price without discounts?	Maybe	44%	Many customers are price sensitive	Pie Chart
11	Attachment to Zomato without discounts	Sometimes	38%	Weak emotional attachment without price incentives	Pie Chart
12	If fewer discounts offered, what would you do?	Still order, but watch for deals	56%	Customers remain but adopt cautious buying behavior	Pie Chart

**TABLE 1.** How often do you use Zomato discounts/offers?

Response	Count	Percentage
Always	12	17.2%
Often	9	10.3%
Sometimes	22	37.9%
Rarely	8	24.1%
Never	8	10.3%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

1. The majority of users (37.9%) use discounts “Sometimes,” indicating moderate engagement with offers.
2. Only a minority use offers “Always” (17.2%), showing that not all users are highly dependent on discounts.

**Analysis:**

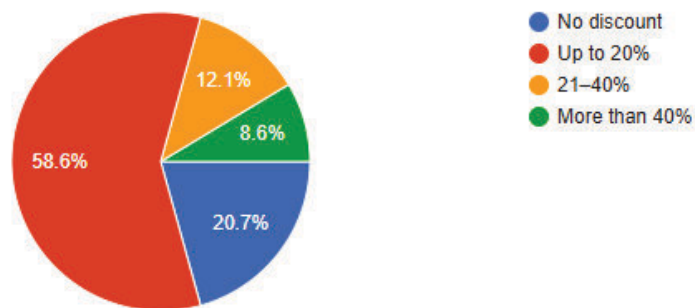
Most customers engage with Zomato offers occasionally, balancing their interest in discounts with their regular ordering habits. This suggests that Zomato’s offers are effective in retaining interest without being the sole motivation for ordering.

**TABLE 2.** Typical discount percentage used on Zomato.

Response	Count	Percentage
No discount	9	20.7%
Up to 20%	38	58.6%
21–40%	8	12.1%
More than 40%	5	8.6%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

1. 58.6% of users prefer discounts “Up to 20%,” showing a tendency toward moderate offers rather than high-value discounts.
2. Very few users (8.6%) utilize discounts above 40%, implying larger offers are less critical for most customers.

**Analysis:**

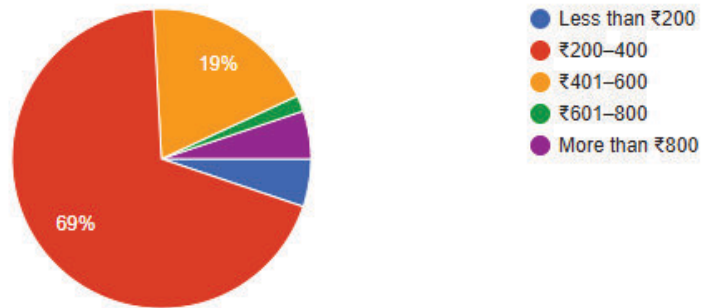
Moderate discounts appear sufficient to influence customer decisions and spending behavior. Zomato can maintain profitability by offering frequent small discounts rather than large-scale promotions.

**TABLE 3.** Average amount spent per order.

Response	Count	Percentage
Less than ₹200	3	6%
₹200–400	36	69%
₹401–600	9	19%
₹601–800	1	2%
More than ₹800	2	4%

Source: Primary data from 58 Google Form responses (2025)

58 responses



#### Interpretation:

- 69% of respondents spend ₹200–400 per order, reflecting mid-range spending as the most common pattern.
- Very few respondents spend above ₹600, suggesting premium spending is limited.

#### Analysis:

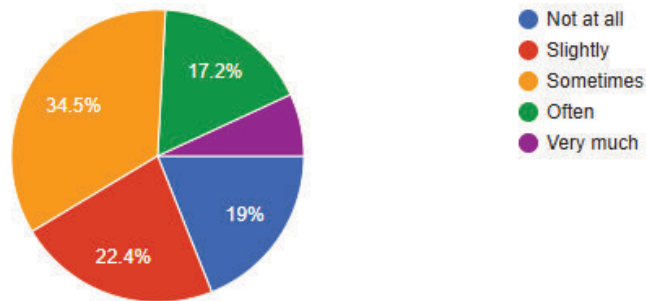
Most Zomato users are price-conscious and prefer affordable meal options. Promotional offers targeting this spending segment may yield the highest return.

**TABLE 4.** Does having a discount make you buy more items?

Response	Count	Percentage
Very much	5	10%
Often	6	17.2%
Sometimes	14	34.5%
Slightly	16	22.4%
Not at all	9	19%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

- 22.4% of users reported they “Slightly” buy more items due to discounts.
- A smaller segment (10%–12%) reported a significant increase in purchases.

**Analysis:**

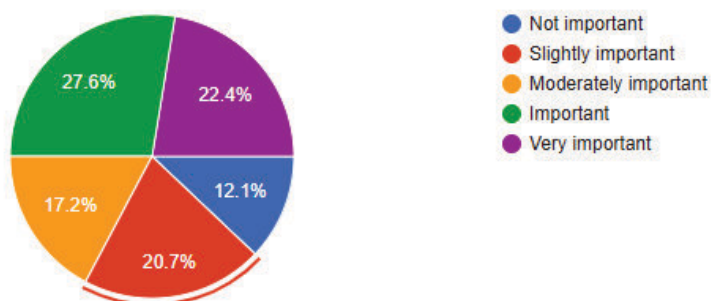
Discounts marginally influence purchasing behavior rather than dramatically increasing order size. This implies that while offers stimulate slightly higher consumption, other factors like appetite or preferences dominate ordering decisions.

**TABLE 5.** How important are discounts when choosing Zomato?

Response	Count	Percentage
Very important	11	22.4%
Important	13	27.6%
Moderately important	14	17.2%
Slightly important	7	20.7%
Not important	8	12.1%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

- Few users (17.2%) rated discounts as “Moderately important.”

- A minority (12.1%) considered discounts “Not important,” suggesting some users prioritize factors other than pricing.

**Analysis:**

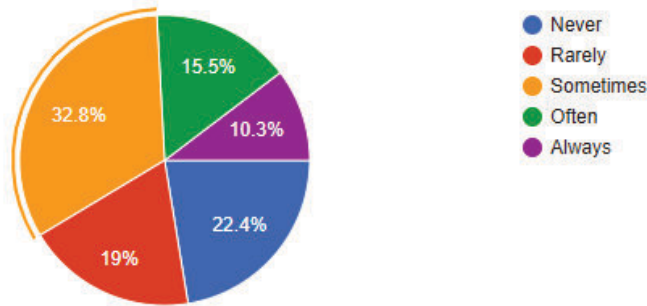
While discounts influence platform choice, they are not the only driver of customer behavior. Zomato should balance pricing incentives with quality service and convenience.

**TABLE 6.** How often do you use cashback or combo deals on Zomato?

Response	Count	Percentage
Always	6	10.3%
Often	7	15.5%
Sometimes	20	32.8%
Rarely	11	19%
Never	7	22.4%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

- 32.8% of users reported using cashback or combo deals “Sometimes.”
- Frequent usage (“Always” or “Often”) is limited to 26% of users.

**Analysis:**

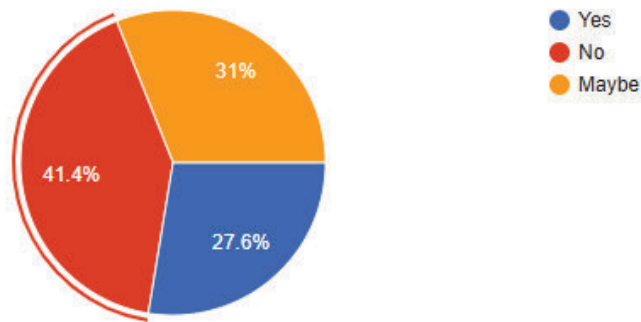
Cashback and combo deals moderately influence spending patterns. Occasional use indicates that such offers enhance engagement but are not essential for all users.

**TABLE 7.** Would you keep ordering from Zomato if discounts were reduced?

Response	Count	Percentage
Yes	16	31%
Maybe	18	27.6%
No	16	41.4%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

1. The largest segment (31%) is uncertain (“Maybe”), reflecting conditional loyalty.
2. Few users would continue (“Yes”) or stop (“No”), indicating divided opinions.

**Analysis:**

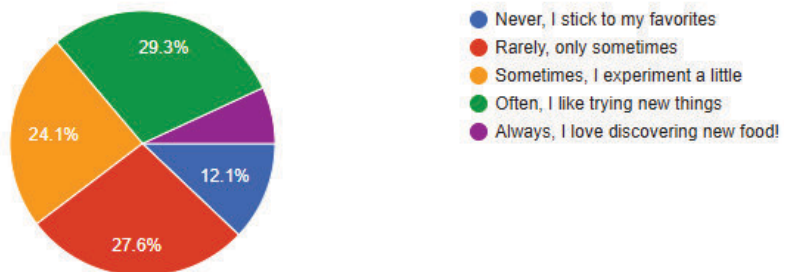
Customer retention may be affected if discount frequency decreases. Zomato needs strategies beyond discounts, such as loyalty programs, to maintain consistent engagement.

**TABLE 8.** When Zomato has exciting offers, do you try restaurants or dishes you normally wouldn’t?

Response	Count	Percentage
Always, I love discovering new food	5	10%
Often, I like trying new things	20	29.3%
Sometimes, I experiment a little	18	24.1%
Rarely, only sometimes	7	27.6%
Never, I stick to my favorites	6	12.1%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

1. 29.3% of users try new dishes/restaurants “Often,” showing that offers encourage experimentation.
2. Only 12% consistently stick to familiar options (“Never”).

**Analysis:**

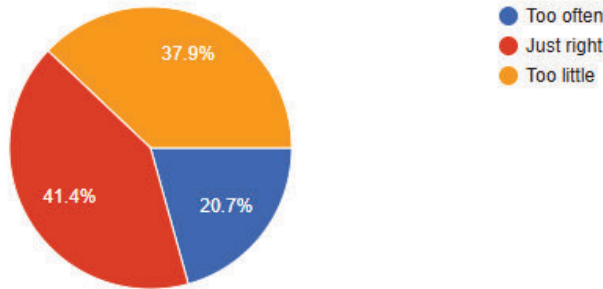
Promotional offers are effective in driving exploration and discovery of new food options. This behavior can help Zomato boost variety engagement and increase overall orders.

**TABLE 9.** Do you feel Zomato’s discounts are offered too often, just right, or too little?

Response	Count	Percentage
Too often	11	20.7%
Just right	22	41.4%
Too little	17	37.9%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

1. 41.4% of users feel the frequency of discounts is “Just right,” indicating satisfaction with current strategies.
2. 20.7% perceive it as “Too often,” suggesting that some users may experience discount fatigue.

**Analysis:**

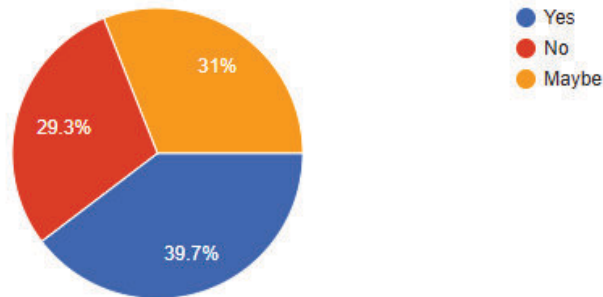
Overall, users are satisfied with the balance of offers. This indicates Zomato’s promotional frequency is effective but should be monitored to avoid over-saturation.

**TABLE 10.** Would you pay full price for your favorite items without discounts?

Response	Count	Percentage
Yes	21	39.7%
Maybe	11	31%
No	18	29.3%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

- 39.7% of users are willing to pay full price, showing some price tolerance.
- 29.3% are unwilling, indicating price sensitivity is still significant.

**Analysis:**

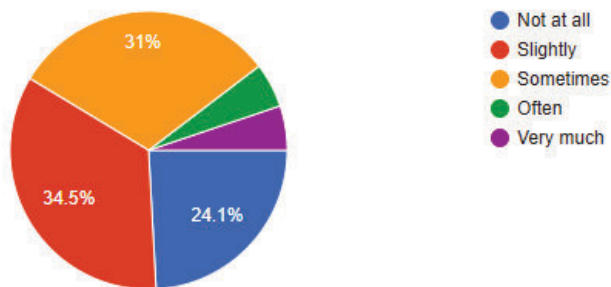
While a portion of the customer base remains loyal without discounts, many users rely on offers. Zomato should combine value-added benefits with occasional discounts to maintain engagement.

**TABLE 11.** How attached are you to Zomato even without discounts?

Response	Count	Percentage
Very much	4	14.9%
Slightly	15	30%
Sometimes	12	31%
Not at all	19	24.1%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

- 24.1% of users are “Not at all” attached, showing weak emotional loyalty without incentives.
- Only 14.9% are “Very much” attached, reflecting a small core of highly loyal users.

**Analysis:**

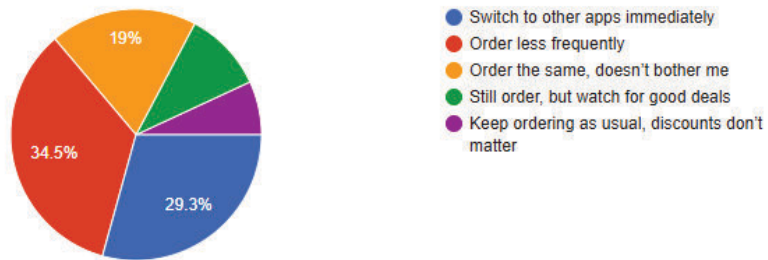
Emotional attachment is limited without price incentives, emphasizing the importance of loyalty programs. Zomato cannot solely depend on habitual usage for retention.

**TABLE 12.** If Zomato offered fewer discounts, what would you do?

Response	Count	Percentage
Keep ordering as usual, discounts don't matter	9	10%
Order the same, doesn't bother me	9	19%
Still order, but watch for good deals	9	8%
Order less frequently	21	34.5%
Switch to other apps immediately	10	29.3%

Source: Primary data from 58 Google Form responses (2025)

58 responses



**Interpretation:**

- 34.5% would “Order less frequently,” showing cautious buying behavior.
- 29.3% would “Switch to other apps immediately,” indicating some potential churn.

**Analysis:**

Reduction in discount frequency may reduce order volume and customer retention. Zomato should introduce alternative value propositions to retain customers.

**Chi-Square Analysis**

As a part of data analysis, I have also conducted Chi-square test to determine the **association** between gender and willingness to continue ordering if discounts are reduced.

**Survey Data (Observed Frequencies) – Source: Primary data collected through Google forms**

Response	Male	Female	Total
Yes	9	7	16
No	12	12	24
Maybe	5	13	18
<b>Total</b>	26	32	58

### Chi-Square Formula:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where:

- O = Observed frequency
- E = Expected frequency, calculated as:

$$E = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$$

### Chi Square Table:

Criteria	Observed Frequency	Expected Frequency	(O-E) <sup>2</sup> /E
Yes, Male	9	7.17	0.45
Yes, Female	7	8.83	0.38
No, Male	12	10.76	0.14
No, Female	12	13.24	0.12
Maybe, Male	5	8.07	1.16
Maybe, Male	13	9.93	0.95

### Chi-Square Calculated Value:

- $\chi^2 = 0.45+0.38+0.14+0.12+1.16+0.95 = 3.20$

### Degrees of Freedom:

- $Df = (r-1) \times (c-1) = (3-1) \times (2-1) = 2$

**Table Value:**

- At 5% significance level and  $df = 2$ , **table value = 5.991**

### Decision Rule:

Since  $\chi^2$  calculated value  $<$   $\chi^2$  table value,  $3.20 < 5.991$ , null hypothesis is accepted and alternate hypothesis is rejected.

### Interpretation

The chi-square test indicates that **gender does not have a significant association** with the willingness to continue ordering from Zomato if discounts are reduced.

- Both male and female users show similar discount dependency patterns.
- Marketing strategies and discount planning **do not need to be gender-specific**.

- Since many users fall under “Maybe” or “No,” Zomato should focus on **value-driven benefits, loyalty programs, and quality experience** to retain customers beyond discounts.

## 9. Findings

- Users generally use discounts moderately, which shows AI can identify which customers actually need frequent offers and which can be retained without heavy discounting.
- Most customers prefer discounts up to 20%, indicating that AI-driven pricing can limit unnecessary high discounts and optimize profitability.
- Spending patterns remain stable (₹200–400 for most users), allowing AI models to predict purchase behavior and personalize offers more accurately.
- Discounts only slightly increase order quantity, suggesting that AI-based recommendations and smart upselling can be more effective than giving larger discounts.
- Moderate importance of discounts shows that AI can personalize incentives using other behavioral factors instead of relying only on price.
- Use of cashback and combo offers is inconsistent, indicating that AI can target these only to users with a higher likelihood of redemption.
- Uncertainty in continued usage without discounts shows that AI retention models can identify at-risk customers and provide targeted offers to prevent churn.
- Offers encourage users to try new items, giving AI recommendation engines the opportunity to personalize discovery and improve order frequency.
- Users feel the discount frequency is “just right,” meaning AI can fine-tune offer timing to avoid offer fatigue or excessive discounts.
- A large section is willing to pay full price, which AI can use to classify full-price-tolerant users and avoid discount wastage.
- Weak attachment to Zomato without discounts highlights the need for AI-powered loyalty systems that offer personalized rewards.
- Many users would reduce orders if discounts drop, meaning AI prediction tools can adjust incentives dynamically to maintain order consistency.
- Gender has no impact on discount dependency, reaffirming that AI pricing decisions should be behavior-based rather than demographic-based.

## 10. Industry Impact of AI on the Food Delivery Sector

Artificial Intelligence has emerged as a transformative force in the global food delivery ecosystem, reshaping customer experience, operational efficiency, and profitability. Major platforms such as Zomato, Swiggy, Uber Eats, DoorDash, and Deliveroo increasingly rely on AI to address scale, speed, and personalization expectations in a competitive digital marketplace.

One of the most significant industry-wide impacts of AI lies in **operational optimization**. AI-powered demand forecasting predicts order surges based on weather, time, festivals, and historical trends. This helps platforms allocate delivery partners efficiently and reduce waiting times. Machine learning models also support **route optimization**, minimizing delivery durations, fuel consumption, and cancellations. These improvements directly enhance service reliability and customer satisfaction.

AI has also revolutionized **pricing and discount management**. Dynamic pricing algorithms enable platforms to adjust delivery fees, surge charges, and promotional discounts in real time. Instead of relying on broad, expensive discount strategies, AI helps determine the ideal incentive level for each customer segment, improving profitability while maintaining engagement.

Another major impact is seen in **personalization and user engagement**. AI recommendation engines analyze browsing patterns, past orders, cuisine preferences, and time-of-day behavior to curate personalized restaurant and dish suggestions. This increases order frequency and encourages users to explore new items. Generative AI extends this capability by crafting personalized notifications, menu descriptions, and marketing messages, improving communication at scale.

In addition, AI enhances **customer retention and loyalty**. Behavioral prediction models identify users who are likely to churn and trigger targeted interventions, such as loyalty rewards or tailored offers. Platforms also use sentiment analysis to assess customer feedback and resolve grievances more proactively.

Overall, AI has shifted the food delivery industry from a discount-driven, operationally heavy model to a **data-driven, predictive, and customer-intelligent system**. As AI adoption accelerates, platforms will increasingly rely on smart pricing, personalized engagement, and predictive analytics to achieve sustainable growth and stronger profitability.

## 11. Suggestions

- Zomato should implement AI-based behavioral segmentation to offer discounts only to users who truly require incentives.
- Dynamic pricing algorithms should calculate the ideal discount percentage for each user to improve profitability and reduce promotional overspending.
- Predictive AI models must be used to identify early signs of customer churn and trigger personalized retention offers.
- AI-powered recommendation engines can increase order value by suggesting add-ons and personalized food choices instead of relying on discounts.
- AI should be used to optimize offer timing based on the user's ordering habits, increasing conversion rates.
- Zomato can strengthen its loyalty program using AI insights to customize rewards for high-value and frequent users.
- **AI-driven fraud detection systems** should be used to identify fake accounts, coupon misuse, and repeated discount exploitation, helping Zomato reduce financial leakage.

- **Natural Language Processing (NLP) chatbots** can be enhanced to deliver more accurate, human-like support, reducing resolution time and improving customer satisfaction.
- **AI-based restaurant performance analytics** should be provided to partner restaurants to help them optimize menu pricing, predict demand, and improve overall service quality.
- **Machine learning models** can evaluate user lifetime value (LTV) and help Zomato focus promotions on high-potential customers rather than one-time deal seekers.
- **Generative AI tools** can automate personalized marketing content—such as dish descriptions, reminders, and promotional messages—to improve customer engagement without increasing workload.

## 12. Conclusion

This study shows that Zomato users respond positively to moderate discounts, prefer small price reductions, and display uncertain loyalty when discounts are reduced. These behavioral patterns highlight clear gaps in Zomato's current discount strategy, which relies heavily on broad offers that do not always contribute to long-term profitability. By interpreting the findings through an AI-driven lens, it becomes evident that artificial intelligence can transform Zomato's pricing and promotional decisions into more efficient, personalized, and profit-focused strategies.

AI can help Zomato understand which users truly need offers, which users can be retained without discounts, and when a customer is at risk of reducing orders. Through dynamic pricing, behavioral prediction, and personalized offer engines, Zomato can minimize unnecessary promotional spending while still maintaining customer satisfaction. AI-powered recommendation systems and loyalty models can also increase order value, deepen customer engagement, and reduce dependency on discounts. This addresses one of the biggest challenges faced by food delivery platforms—balancing customer acquisition with sustainable profitability.

Beyond discount management, AI can assist Zomato in refining every stage of the customer journey. Predictive models can identify when a user is likely to reorder, enabling timely nudges or customized reminders. Natural language processing tools can improve customer support by reducing resolution time and offering more personalized interactions. Generative AI can automate the creation of tailored marketing content, dish descriptions, and push notifications that enhance user engagement without increasing manpower costs.

Additionally, AI can help Zomato strengthen its restaurant partner ecosystem. By analyzing order history, peak times, menu performance, and customer feedback, AI systems can recommend optimal pricing, menu adjustments, and strategies for restaurants to increase visibility. This creates a mutually beneficial environment where both Zomato and restaurants can improve operational efficiency and profitability.

On a broader scale, the findings of this study show that consumer behavior in India is heavily influenced by value perception and price sensitivity. As the industry becomes more competitive, AI-driven personalization will become a key differentiator for platforms. The

ability to provide the right offer to the right customer at the right time can significantly reduce unnecessary discount expenditure while maintaining user satisfaction.

Overall, integrating AI into Zomato's pricing, personalization, and retention strategies provides a sustainable path toward higher profitability, stronger customer loyalty, and improved decision-making—making AI a crucial enabler of future growth in the Indian food delivery industry. The research ultimately demonstrates that AI is not just a technological add-on, but a strategic tool capable of reshaping pricing logic, customer engagement, and long-term business sustainability.

**Conflict of Interest Statement:**

The author(s) declare that there is no conflict of interest regarding the publication of this article, "Leveraging Artificial Intelligence for Pricing Optimization and Consumer Behavior Insights: An Empirical Study on Zomato". The research has been conducted independently, without any financial or personal relationships that could have influenced the interpretations or conclusions presented in this study.

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