Online food marketing expansion and success patterns: Special case of YemekSepeti (Food Basket)

Project Paper

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**Summary:** YemekSepeti is a firm, which based its activities in online food ordering system active in three countries namely; Turkey, Russia and United Arab Emirates. In this paper it will be seen how they created value for their customer base to expand their capacity and how they internationally prolonged. In the study it will also be seen the special features which YemekSepeti came up with.
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1.1. Introduction

Online food ordering services are web sites designated to enable potential customer reach restaurant menus and delivery options online. The customer instead of involving in multiple steps of food ordering like looking at different web sites of different restaurants calling the restaurant. Customer participation to the process will only involve to go to a certain website choosing the restaurant and the menu online. In this paper it will be talked about different online food ordering websites like eat.ch but main focus would be YemekSepeti.com and their working principals, it will then be looked for the
models in Switzerland swiftly and finally a great success story of YemekSepeti (Food Basket) a Turkish online food ordering service provider which heavily dominates the market with a market share above %99, with a closer look to their online marketing strategies.

Yemeksepeti.com was established on September 2000 as the first online food ordering website in Turkey. As of 2011 they are actively serving customers in 27 major cities of Turkey. Yemeksepeti.com is not only active in Turkey but also turning up to be an international player in its field in countries like United Arab Emirates as “Sharjah”, in Russia as “Foodonclick.com and izrestorana.ru”. The firm has contractual agreements with more than 3500 restaurants, which enable customers to reach the menus of these restaurants order food without any additional costs and profit from the promotions offered by the restaurants. Some of the most important associates of Yemeksepeti can be listed as follows; Bread`s Broaster Chicken, Burger King, Dominos`s Pizza, Kentucky Fried Chicken, Burger King, Domino`s Pizza, Little Caesars Pizza, Pizza hut, Sbarro, Schlotzky`s and Pizza Bulls. At this point it makes sense to point out a possible conflict if to take a look at restaurants such as McDonald`s and Pizza Hut they also have their online ordering websites (Yemeksepeti 2011). What to extract from this conflict and the continues presence of the restaurants stated above would be that YemekSepeti can be stated as a powerful actor in the value chain and have strong bargaining power against restaurants which was a great factor for the firm.

2. Restaurant owned ordering services

Although the main focus would be about the independent service providing firms not only serving for customers who want to order online food but also the restaurants, it also makes sense to mention on the evolution of the business. The first restaurants who adapted online food ordering services were franchise business like Domino`s and Papa John`s later being followed by Pizza Hut. As it is mentioned this system is called Restaurant-controlled, in
2008 it was announced by Papa John`s that their business is in a growing trend reaching more than %50 each year and reaching up to $400 million in 2007. Other type of business model would be the so-called “Independent”. It is stated that Independent online food ordering firms offer two choices, the first one being a software service provided by software companies tailor made for certain restaurants, the second choice would be a service provider setting up its own business like in the case of Yemeksepeti (food basket) get into contractual agreements with restaurants in certain regions. There is also another type of online ordering which is not much a concern of this paper stated as Food Cooperatives which enables potential customers to place orders for local products and after ordering consumers are obliged to go and pick up their product from the specified location. (McDonalds Dominos Papa John`s 2011)

3. Ordering Through YemekSepeti

![Diagram of YemekSepeti's value chain](image-url)

Although in the paper the procedure of ordering would be seen in separate and detailed parts this image provided above is rather usefull to give a first flash of the whole value-chain created by Yemeksepeti. The first step starts with the restaurant applying to Yemeksepeti for getting enrolled to their
Then as a second step restaurant supplies yemeksepeti with the necessary information and menus etc.. As mentioned quality is a great issue for Yemeksepeti, the step involves the quality check of the restaurant, when this is approved yemeksepeti steps in and uses its marketing tools to promote the restaurants towards the customer which is the step where the business transaction passes from B2B to B2C. The next step is upto the customer to order from Yemeksepeti from a specific restaurant. Following the order yemeksepeti receives the information and transfers it to the faxing company lets say INTERFAX, which then transfers the order info to the restaurant, as it was stated by the management of the company it takes approximately one minute or so to complete this procedure then the part of restaurant in the value chain starts (Interfax 2011). The food is prepared and with the delivery guy transferred to the address of the customer, of course the procedure is not that swift as it sounds here, which will be mentioned in the part where it will be talked about the problems and difficulties. When the delivery guy reaches the destination according to the payment options chosen by the customer he receives the payment (credit card, cash or sodexco). So as it can be seen the restaurant collects the money in the end, with the usual menu prices lets give the example of McDonald’s if an order is placed through YemekSepeti for a BigMac menu as a customer it is not paid even a cent more compared to the possible purchase from McDonald’s itself. According to the contractual agreement YemekSepeti at the end of the month collects a margin of 10%-12% from the restaurants for the orders of the previous months (Presentation by YemekSepeti 2011). To sum up with this point by not only involving itself to B2B business transaction but also to B2C YemekSepeti guarantees its margins and profits (Business Case for Yemeksepeti 2011).

It is also better to take a look at the image above, which will give a better picture of the involving transactions in the value chain in online food-ordering. To briefly go over it, first it is vital for the customer to be aware of the website and go-online to check it then it the potential customer should basically be a
member of the website. Now before following with the value chain it is important to open a parenthesis here and talk about special payment requirements for example in most cases like in Switzerland it is required to make the payment online which means the credit card also involves to the transaction which may be perceived by many customers as a letting down factor. It is very much acceptable that the customers do not wish to share their credit card information with third parties. In our specific case when the customer goes to the website of Yemeksepeti he/she will see with big letters “We have nothing to do with your Credit Card” (Yemeksepeti 2011). For certain countries that may very well not be aspect but in the specific case we will be mentioning, which is Turkey, one may point out that online credit card usage is not very well perceived by customers.

4. YemekSepeti and Interfax

Although it was not possible to get the name of the company with which YemekSepeti is working currently for the faxing services, as mentioned before Interfax is an internet faxing company which sends faxes through the customer’s regular email program without needing any additional installations. It is stated that a user may even use the service by the personal and common mail accounts such as Yahoo and Hotmail accounts. As also mentioned by Interfax company the customer basically does not need to install a fax modem, a fax server, or phone lines, of course the receiver should be in possession of a fax machine and telephone line. To sum up at out case that was the logic, which YemekSepeti followed, and by convincing the restaurants getting a fax machine device only for YemekSepeti they try to avoid possible confusion.
Another issue rose as a difficulty with the Yemeksepeti management was that the restaurants in Turkey were not aware of the concept so they had difficulties to build up the market. An issue coming up from that was that most of the restaurants were not in possession of a computer so it was not possible to create an e-mailing system from where the restaurant responsible would reach the order, it was explained that they may very well forget or avoid to take a look at the orders which would not only create bad reputation for the restaurant but also to newly emerging YemekSepeti image so Yemeksepeti came up with a system of faxing (YemekSepeti Presentation 2011). According to this system each restaurant getting into contractual agreement with Yemeksepeti was obliged to be in possession of a fax machine from where when the customers order food online the fax machine with the help of a service provider like INTERFAX would immediately transfer the order on a printed paper. Before getting into how the system work it make sense to open a parenthesis and say that although it may sound a little bit un-practical to use fax machine it assured Yemeksepeti to fight back against the claims from the restaurants. So to give an example if a restaurant would claim that they didn’t receive order and complain Yemeksepeti can come up with a solid and physical data to counter the claim (YemekSepeti Presentation 2011).

To sum up the process of ordering through Yemeksepeti with its pluses and the differences with the value it created for customers and restaurants one should look at the following points: First of all restaurant delivers the meal by its own delivery channels not through Yemeksepeti, the order delivery takes
place by a faxing machine reserved for only the purposes for the orders from YemekSepeti, restaurants are not obliged to make a fundamental change in their internal process, if a restaurant receives no orders through yemeksepeti there is no fix fee to be charged, restaurants are offered to publicize or remove immediately their promotions. Also a fundamental differences in the value chain one should point out that compared to the old model of telephone ordering customers when they face a problem even from the restaurant side they reach Yemeksepeti call center (online 24 hours) which in the old system customers were supposed to deal with restaurant officials, service provider takes care of the issues for the customers in this new model. (YemekSepeti Presentation 2011)

5. Call Center and Customer Satisfaction

As stated one of the lets say revolutionary step with YemekSepeti approach was the call center approach. As stated by the managing director of the company customers were tired of dealing with un-professional restaurant authorities, so they came up with their own calls centers. It is also stated by him that it would be suicidal to leave the faith of the brand image of Yemeksepeti in the hands of the restaurants. At first the call center was started as a internal body of the company but what later seen was with the lack of economies of scale and the necessary know-how in call center business the management decided to off-shore the call center activities to SYS call centers the reasoning behind was the everyday increasing customers base which is now around 580,000 customers and around 15,000 orders everyday, it was stated by the SYS call center that they reply nearly 30,000 calls every month from Yemeksepeti. At this point it also makes sense to open a parenthesis and define how they deal with the customers. As stated the call center is online 24 hours and the Yemeksepeti members can go to the web page and click in the online-help button to reach a responsible. By creating an online chat system instead of using telephone they, not only
decreased the costs but also enabled the staff to serve more than one customer at a time (Business Case for Yemeksepeti 2011).

6. Difficulties to increase customer base

It is stated by Yemeksepeti that when they set up the website they were aware of certain problems. They continue by saying that some of these risk assessments still pending with a plan against certain cases that will be stated. The problem they had faced was that some customers might not be in a great motivation to use Internet for ordering or just not using Internet in regular basis. Their solution or in better words their contribution against this trend would be to sponsor and promote Internet usage along with special promotions to new users. The second issue would be that customers might not have access to Internet at home or at office; the solution from YemekSepeti would be to be online in smart phones through applications, which will fasten the ordering process. Another challenge the pre-assumed would be that their model of web site could be imitated. Against that point they get into contractual agreements with most of the restaurant to prohibit them from involving to business transactions with other service providers (Yemeksepeti Case study 2011)

7. Smart Phone Applications

YemekSepeti uses smart phone applications pretty intensively, following that it was stated that they are prepared for competition from possible emerging of competitors. Now in this part it will be seen another online food ordering website which emerged as a competitor against YemekSepeti but however this time working locally for a University campus and its dormitory facilities. To start with if we are to take a look at the iphone application which is reachable on apple store we see that it pretty much looks like the web-site of Yemeksepeti.com but without certain features which will be on the spot later in the study. To have an overview the application looks like as follows;
It is possible to see above the food choice, the price, how many pieces the customer is willing to purchase and on the down section the customer chooses the size of the portion small, medium or large with the bread choices and etc. On the second screen it can be seen the grading of customers for that specific restaurant The Wrap, Etiler, the minimum amount that the customer should order that the restaurant would accept to serve the food to your house, the expected serving time and payment options. (Yemeksepeti 2011)

8. Competition

As also mentioned at the beginning of the section YemekSepeti, although very confident about its market leadership stands firm and aggressive against its possible competitors even for local competitors. To give such an example we take the case of sariyeryemek.com a local competitor to YemekSepeti only for the campus and dormitories of Koc University Istanbul with 25 restaurants. The strategy for Sariyeryemek.com was to offer fewer margin than YemekSepeti, which was 10%, their offer to the restaurants was only 6%. According to the students who set up the company soon YemekSepeti was
aware of this situation and took measures by let's say re-negotiating with the restaurants such as Domino's Pizza and forced them to stop their business with the local competitor. In addition to that YemekSepeti added a new section to its webpage only for Koc University Campus and its dormitories as it is seen below;

To sum up the competitor situation for YemekSepeti it makes sense to discuss from an interview with the managing director of YemekSepeti. It is stated there are certain advantages and disadvantages of being the 1st in the market of online food ordering business. When you are the first company you have better chance of dictating your terms to restaurants and customers such in the case of high margins required from restaurants. It is also stated that once the customer is the first actor in the market the more other companies try to copy your approach the more he/she gets benefit from them since their marketing efforts would work for the customer's side. Though he is confident, he leaves the door open that if one day some other company comes up with another approach, which will add more value to the customer and to the restaurants, they may very well lose their market dominance (Sariyeryemek 2011) (Yemeksepeti 2011).

9. How YemekSepeti Works and Its special features:

It makes sense at this point to swiftly talk about how YemekSepeti’s special features like how they promote their online food Marketing business with certain promotions and special properties offered to the customers. Now as talked before YemekSepeti is harsh on its competitors, as we have seen in
before in the case of local competitors. With the emerging of local competitors mostly new graduates and students from universities YemekSepeti decided to add a new feature to its web site, which is the “Campus Sale”

As it is seen (not all the list of Universities are declared for the sake of space) 33 universities only in Istanbul are listed in their Campus Sale section. It is also stated that if you use this section while ordering you may profit from special promotions and discounts from various restaurants. You are only required to submit the address as the dormitory in the mentioned campuses.

Another feature for users is the free DVD section all the customer has to do is while he/she is online on his/her neighborhood, he/she clicks the free DVD button and see which restaurants offer the customer free DVD for the
specified amount of orders which is usually around 30 TL (Turkish Lira) which is around 24 CHF.

The next feature, which will be mentioned would be YemekSepeti elite section, which can also, been from the image above. This feature created by YemekSepeti can be stated as a good example of their coverage and expansion in online business. As mentioned YemekSepeti has a huge customer base and they are motivated to use it for other markets such as in the case of “Elite” by being a member of this feature the customer may search or choose to be notified about special offers for having a dinner in restaurants, he/she can then also make reservation through the web-site which will guarantee his/her place and would help him/her to avoid un-expected situations like a mistake in reservation by the responsible. As all the services in which the company is involved he/she doesn’t have to pay anything extra for making his/her reservation to the specified restaurant. At this point this feature may sound like a jeopardizing fact for the business of YemekSepeti but one can also say that it may be the other way around. The customers who are satisfied by the services of YemekSepeti may use this not only when they want to go out for a dinner or but also the other way around the customers who are satisfied with the service of “Elite” they may choose to use YemekSepeti. (YemekSepeti 2011)
10. Expansion Patterns “Strong Mail”

As also told before YemekSepeti does not stand still and just enjoy its strong position in the market but it involves into heavy marketing activities with unique approaches. Although automatic e-mailing to customers is a common practice among firms YemekSepeti tries to overcome certain problems such as sticking of emails to e-mail spam filters. If to look at the e-commerce platform, which integrates to distribute emails, which are, used not only in the purpose of confirming customer orders but also delivering promotional offers. According to managing director of YemekSepeti, M. Ödemis “Customer emails are very important to us, and the relevancy of customer data plays a key role in ensuring the most useful content gets to the right individual. For example, because people can order their food from so many different restaurants, the geographical location of the customer is critical. This means that we only send promotions and mailings from restaurants near to them”(YemekSepeti Case Study Strong Mail 2011). To stress more on this point it makes sense to talk about the complexity of Turkish Market and especially Istanbul, which is home to more than 13 million inhabitants. Although as stressed by Ödemis that they mostly send promotional offers from restaurants nearby it is also very common that people order from more far away restaurants of course with higher minimum basket prices (the minimum amount the customer has to reach for the restaurant to deliver the customer). As in the case of the issue of Call center, which started as in-house, the firm, had difficulties to cope with the drastically increasing number of customer base. In 2006, YemekSepeti decided to take a step and made an agreement with email service provider (ESP) to better cope with the huge number of emails. According to Ödemis “We needed to send 1.5 million marketing emails a month. On top of that, we had to distribute around 500,000 transactional emails a month to confirm orders. Since these orders needed to be confirmed
in near real time, an email glitch anywhere in the system could wreak havoc with our ordering process, which in turn would impact our and the restaurant’s revenues” (YemekSepeti Case Study Strong Mail 2011). As mentioned although e-business transactions held by YemekSepeti was profitable in the current positioning according to projections made by the company for the year 2012, in parallel with firm’s expansion plans to other cities of Turkey and abroad they may had to face uncontrollable costs in their financial statement. After a certain period of search for possibilities StrongMail message studio and its transactional email marketing was chosen to promote YemekSepeti to further steps.

To talk about Strongmail, it is an email marketing system devised to allow firms further improve their email campaign management, data segmentation and targeting. It is stated by StrongMail that their service let their customers to transform generic, plain text transactional email into highly branded personalized messages, which contains private emails to customers. Now at this point it makes sense to talk a little bit about YemekSepeti’s data storage. When the customer through the web site as a member he/she can see all the previous orders he/she had before. By keeping this info YemekSepeti enables it self to have valuable information about its customers’ consumption habits and send promotions accordingly to trigger consumption. In the print-screen below it is possible to see how a consumers’ personal data seems. That was the profitable part of business from B2C point of view. If we were to take a look at the B2B we would also see a similar development “With the ESP, we faced deliverability issues, most of which were caused by the ESP’s other clients mailings; this was seriously affecting our sender reputation,” says Ödemiş. “With StrongMail, we were able to start with a clean slate and build up our own reputation based purely on our own email campaigns. This has led to higher deliverability rates and, ultimately, more successful campaigns” (YemekSepeti Case Study Strong Mail 2011). It would be unacceptable for YemekSepeti if the orders from the customers to do not reach the restaurants from lets say a system down, by getting into StrongMail it is stated that the
firm significantly diminished the chances. To sum up one should have to talk about the key benefits listed as follows;
- Certainty and the efficiency in delivery of order confirmations and operational activities.
- Improved reputation in mail marketing.
- With the help of relevant offers to customers increased customer loyalty and satisfaction.

11. Internalization

As it was mentioned that YemekSepeti is not only active in Turkey but also in Russia and Middle East. The question here was why YemekSepeti has chosen Russia and Middle east and in specific United Arab Emirates to expand but not European Markets? The issue is answered by M. Ödemis that it would have been very hard for them to incorporate them into saturated markets. He continues by saying that it is really important for them to be in emerging markets not the saturated ones. Lets take the case of US and Switzerland; in Switzerland the customer has companies such as eat.ch, although the working principles and capacities are completely different for example eat.ch works with around 150 restaurants and most of them demand online paying contrary to YemekSepeti’s approach. If now we are to take a look at US we see that there are many local firms active let’s say in certain states. One may understand YemekSepeti’s logic if they look at certain statistics about Russia; Already after one year in a completely different country the firm is acting as the first and only online food ordering firm with more than 191 restaurants only in Moscow/Russia. It is also stated by the firm that they would soon be online in St. Petersburg and 10 more cities of Russia. M. Ödemis raises the issue that Russia as an emerging market with more than 50 million Internet users and with an e-trade volume capacity of 6 billion U.S. dollars in 2010 is a great opportunity for his firm. The projections and plans made by YemekSepeti are to get into a business relation with 500 restaurants at the end of the year 2011. Also to add Russian in terms of trade capacities is a great partner with
the Republic of Turkey holding thousands of Turkish citizens working and living in Russia, which is seen as a strengthening fact for YemekSepeti as it is told to Hürriyet (A major Turkish newspaper) “Russia was a country to which we attached great importance due to its location, commercial relations and market potential. We started to search the Russian market in November 2008 and linked up with big restaurant chains. After a detailed preparation process, we began operating in Moscow” (Hürriyet 2010). Although their targets is to reach 10 cities the main focus of the company is to be in every Russian city with more than 1 million inhabitants. In addition to that it is planned to in all ex-Soviet republics with the know-how acquired from Russia. To continue with the case of United Arab Emirates where YemekSepeti is active under the name of Foodonclick.com. If to compare with the firm’s other market one may say that United Emirates is rather a different market. Turkey holds a population of 75 million people with Russia around 150 million people however when we are to take a look at United Arab Emirates we see a much fewer population at this point one may ask why that specific country was chose. One of the company members Nevzat Aydin gives a clear answer by saying they have taken advantage of the foreigner population culture in the country, especially in Dubai, Abu Dhabi and Sharjah. It is stated by him that they fill a big gap in the country by providing multicultural food to multicultural population. He also raises the point that they had also another advantage, which was the food delivery culture; the service they provided was obviously appreciated by the inhabitants of United Arab Emirates. One may see the importance of the market for the firm by looking at the managerial structuring where they employed a local manager Shekhar Rao. He states "we have already seen a fantastic response from restaurants who want to be closer to potential customers and we believe foodonclick.com will see strong growth in user and restaurant numbers over the coming months' (Hürriyet 2010). To sum up one may pre-assume that YemekSepeti may see United Arab Emirates for three main purposes which are; Because of the purchasing power in the country, using the country as a jumping point to move to other countries and finally because of countries multi-cultural ex-pat culture profit
from the mouth to ear publicity.

**Conclusion**

Conclusively YemekSepeti.com is a success story with a lot of inspiration to young entrepreneurs. In this paper it was seen how a successful e-business opportunity was exploited through innovation, economies of scale and creating a different service model for potential customers. According to the projections made by YemekSepeti management it is expected that they will have more than a million subscribed users. Maybe a final word about this would be that this might sound like a small number but it is common for users to order their food from just one account lets say from a friend or so.
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