**HungryNaki**

There is a saying, "Necessity is the mother of invention". "HungryNaki" is the perfect example of the saying. In this technology-driven world, HungryNaki is the first mover in online food delivery providers in Bangladesh. In 2013, it started its journey with 6 core members and 2 delivery men enlisting 30 restaurants. The value position of HungryNaki helped them to grow exponentially monthly at the rate of 7% to 10% after their start. At that time, for a start-up, the growth rate was remarkable. The operation of HungryNaki ran in Chittagong, Sylhet, and Narayangonj, leading to the involvement of 1000 restaurants and serving 750-900 orders daily. HungryNaki followed the "aggregator business model", and their revenue came from the service commission they gathered from the restaurants. HungryNaki had successfully reduced its operational cost of delivery by focusing on building a hub in local areas. Less distance to deliver the food resulted in less cost. HungryNaki primarily focused on the value-added factor for the customer. The website and the mobile application had complete information about the restaurants, and after ordering, "HungryNaki" tried to be as transparent by sending messages and emails to the customers. They also focused on delivering the food to the customers within 60 minutes. HungryNaki did promotional campaigns like "Rewards are good with Standard Chartered Bank", "Hungry for Coldplay", "Cashback with bKash", etc. They also tried to enhance customer satisfaction and build hype among the customers by providing discount offers

But recently, HungryNaki has halved the number of its zones of operation in Bangladesh to 15, having suspended business in some cities. A top official at the company said 13 areas where they have continued their operation are in Dhaka and two in Chattogram. HungryNaki has suspended business in all other divisional cities and city corporations, including Gazipur and Narayanganj.

"We made the decision based on the business prospects of some areas. The zones with no profit have been closed. Our business will continue in the areas with a good customer base," said the official, who requested anonymity.

The online food delivery business boomed in Bangladesh during the COVID-19 lockdowns in 2020.

Chinese e-commerce giant Alibaba acquired HungryNaki in 2021 from its local owners via Daraz Group, the Pakistan-based e-commerce platform it acquired in 2018.

Despite the boost in some city areas, the online food delivery business is yet to take off, depending on incentives. Foodpanda, Pathao Food, Shohoz Food, Uber Eat, and HungryNaki became popular among a section of customers in a short period. Still eventually, Uber Eat and Shohoz Food rolled back their business.

The HungryNaki officials said the expansion of their business still depends on discounts and cashback offers. "The market is not sustainable yet. It's still centred on Dhaka and Chattogram." He said a shortage of riders, or sometimes more riders than required, is a big challenge in the business. "It's a dynamic business. It's difficult to keep up with the demand."

The officials said the online food delivery market in Bangladesh was still small, and customer acquisition was very costly, prompting the Chinese e-commerce giant to focus on selling products and services rather than food. "No decision has yet been taken on shutting down HungryNaki," said one official.

"But it doesn't send a warning to the food delivery market," he said, adding that competition made things more difficult for them.

Fahim Ahmed, managing director and CEO of Pathao, said: "Globally, the food delivery business has been evolving towards a more sustainable business model that provides value to the consumer, rather than just target top-line growth through aggressive subsidies and cash burn."

"In Bangladesh, Pathao Food has grown over 2x in the last year while operating profitably and with a relentless focus on driving customer satisfaction," he said.

Sourav Dey, a spokesman for Foodpanda, said their business was closed for some days in the early days of the pandemic when restrictions were tough. Later, the government allowed the restaurants to reopen. "Now our business is at the stage of growth." "We're offering grocery delivery services in all the district towns outside Dhaka."

**Questions**

1. Despite being a first mover in online food delivery, what are the reasons HungryNaki shut down its operations in several areas?
2. If you were a marketer of HungryNaki, what would you do to overcome the problems, and what strategies would you take to expand its market?

**Source:**

Hasan, M. (2022, July 24). HungryNaki scales down operations. *The Daily Star*. Retrieved August 7, 2022, from https://www.thedailystar.net/business/organisation-news/news/hungrynaki-scales-down-operations-3077791