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Research Article

The Role of Mergers and Acquisitions in Corporate Expansion: An Empirical Study of Eternal (Formerly Zomato)

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Abstract: This study evaluates the effectiveness of Mergers and Acquisitions as a growth strategy, by using the case study of Eternal (formerly Zomato). It is observed that a key method of growth and market share acquisition used by Zomato is that of M&As. Due to the rapid growth of the Indian food-tech and the quick-commerce industries in the past decade, M&A has presented itself as the most suitable strategy for market expansion and consolidation. The purpose of this study was to understand the contribution of Zomato's M&A-led expansion on growth, diversification, and competitive advantage over Swiggy. As the study shows, the core objectives behind Zomato's recent M&As is access to new product lines and services, expertise and infrastructure in new industries with the central objective of market share acquisition in the relevant industries. The study used an exploratory case study approach based on secondary data and found that, while the market penetration strategies and Diversification strategy of Zomato, with the acquisition of Uber Eats India and Blinkit respectively, are successful strategies with considerable consolidation of market share, it is seen that the acquisition of Urbanspoon and District are strategies where Zomato has deviated from its core Indian market and core business of delivery and logistics, and has faced substantial pressure. Overall, however, the study suggests that these acquisitions helped Zomato in strengthening its market leadership and profitability, while allowing Zomato to diversify away from its core business vertical.

Keywords: Zomato, Swiggy, BlinkIt, Mergers & Acquisitions, Corporate Strategy, Indian Startups, Food-Tech, Quick Commerce.

INTRODUCTION: MERGERS AND ACQUISITIONS

Mergers and Acquisitions (M&A) are major financial deals and transactions where consolidation of companies or major assets of companies takes place. A company may purchase and absorb another company outright; merge with it to create a new company; acquire some or all its major assets; make a tender offer for its stock or even stage a hostile takeover (Corporate Finance Institute, n.d.).

For all of 2024, the global value of the deals valued over $25 million rose 12 percent (to $3.4 trillion, from $3.1 trillion in 2023) as the number of companies being acquired and merged increased 8 percent (to 7,784, from 7,206 in 2023). Average global deal value rose 4 percent (to $443 million from $424 million in 2023) as macroeconomic conditions improved and as dealmakers—toughened by repeated rounds of volatility—grew more inured to geopolitical tensions and political transitions (McKinsey & Company, 2024). In 2024, India saw a 42% increase in total transactions and made 2024 the year of revival following the corrections in 2023. Merger and acquisitions (M&A) saw a 52% increase while there was a 34% jump in private equity (PE) investments. The combined disclosed deal value reached an impressive USD 112 billion which can be attributed to a 67% jump in the number of deals valued over USD 1 billion (PwC India, 2024). In 2024, one of the largest deals of the year was a deal from the media and entertainment sector, where Reliance Industries and Disney formed a joint venture by merging the businesses of Viacom 18 and Star India creating a media giant across TV broadcasting, streaming, movies and sports (PwC India, 2024).

In recent times, M&A deals have become strategic. Five types of M&A strategies are usually seen which include: Vertical M&A strategy (businesses that operate within different stages of the supply chain come together to create an integrated good or service), Horizontal M&A strategy (businesses that operate in the same industry joining forces to eliminate competition), Conglomerate M&A strategy (companies that have entirely separate business activities merge) and Concentric M&A (companies that merge have businesses activities somewhat related to one another) (Bridge Point Consulting, n.d.).

M&A's bring value to both the acquiring as well as the target company are — It helps the acquirer to gain rapid market share, broadens its positioning in the market and helps reduce costs in the day-to-day operations. In cases of unrelated M&A, it helps the acquirer to gain exposer in a completely different segment and introduce new customer group. From a target company's perspective, it helps in capital infusion, access to broader markets, and shareholders may get benefitted through premium valuation.

But not all mergers and acquisitions are successful. 70% to 90% of mergers and acquisitions fail (Christensen et al., 2011), often due to poor management involvement, a lack of cultural alignment, and unclear integration plans (Rallan et al., 2022). The deal between AT&T and Time Warner belongs to mergers that failed, even though it seemed promising on paper. The main reasons were misalignment in business strategies, severe competition, and late entry into a newer market. This resulted in major financial losses, and the asset divestitures of Warner Media became necessary for AT&T (M&A Community, n.d.).

BACKGROUND OF THE COMPANY: ETERNAL (FORMERLY ZOMATO)

Zomato, which was established in 2008 by former Bain & Co. employees Deepinder Goyal and Pankaj Chaddha has significantly reshaped the food discovery and delivery landscape in India. Initially launched as a restaurant search and discovery platform, the company has gradually evolved into a comprehensive food-technology ecosystem that integrates consumers, restaurants, and delivery partners within a unified digital framework. Over the years, Zomato has expanded its services to include online ordering, restaurant reviews, real-time delivery tracking, and data-driven recommendations, thereby enhancing convenience and accessibility for users. The company became a unicorn in 2018, and went public in 2021, raising $1.25 billion through the fresh issue of shares. Today, their core businesses include online restaurant aggregator services (Zomato), quick commerce (BlinkIt), B2B end-to-end kitchen services (Hyperpure), and ticket booking and table reservation services (District). As on April 2026, 24 million+ customers use the Zomato app monthly, 3,00,000+ restaurants are serviced by Zomato and it provides employment opportunities to 5,00,000+ delivery partners . As of Q2 FY26, Zomato has managed to report a positive adjusted EBITDA of Rs.224 crores at a revenue of Rs.13,968 crores. Even though the quick-commerce business brings in the most revenue, the food delivery business is main contributor to the positive adjusted EBITDA, allowing Zomato to take on the challenge of diversifying into various new industries .

The purpose of this study is to assess Eternal's (formely Zomato) expansion strategy through Mergers and Acquisitions.

LITERATURE REVIEW

Mergers and acquisitions (M&A) have been widely studied in strategic management literature as a key mechanism for organizational growth and market consolidation. While firms pursue M&A to enhance competitiveness, achieve economies of scale, and create long-term value, the outcomes of such transactions have remained a subject of extensive academic debate. Existing literature presents mixed evidence regarding the effectiveness of M&A, with some studies emphasizing value creation, operational synergies, and market expansion, while others highlight challenges such as integration failures, cultural conflicts, financial risks, and shareholder value destruction. This divergence in findings has led researchers to critically examine both the potential benefits and inherent limitations of M&A strategies. Therefore, the following section reviews the existing literature by categorizing the major advantages and limitations of mergers and acquisitions, providing a balanced understanding of their impact on organizational performance.

3.1 Rationale & Benefits of Mergers & Acquisitions

The success of a merger or acquisition by a company plays a major role in shaping the future trajectory of the company. If successful, the company is benefitted in a lot of ways, like more control over its supply chain and operations. Inditex's acquisition of Indipunt can be taken as a good example for this, as the primary objective of this acquisition was to strengthen its control over the supply chains and accelerating production cycles. This merger helped Inditex integrating its main Spanish supplier into its production operations by taking over a production facility in Naron-Ferrol, helping Inditex in expanding its operations and more control over its supply chains in Spain (Fashion Network, 2019). After this merger, Inditex was able to adapt more quickly to changes in consumer preferences and enhance its speed and efficiency in its "fast fashion" business model (Sequoia Legal, 2025).

Further, a Merger and Acquisition (M&A) can help a company in completely dominating its industry. In 2011, the $25 billion horizontal merger of HP and Compaq helped HP become a $87 billion top global player in IT services, imaging and printers, and access devices (Corporate Finance Institute, n.d.). This merger helped HP increase market power and market share, combat the raising industry competition, exploit cost-based and revenue of synergies, more efficiently utilize economies of scale and respond quicker to changing customer demands in the industry.

Sometimes, a company may undertake M&A to diversify and expand into new industries, while also strengthening their financial performance. In 2016, Berkshire Hathaway purchased Duracell from Procter and Gamble (P&G). Duracell, as of 2023, is a leading manufacturer of high-performance alkaline and lithium coin batteries and holds over 31% market share of the global alkaline battery market (Berkshire Hathaway, 2023). This deal enabled Berkshire Hathaway to diversify its investment portfolio by acquiring a stable, cash-generating consumer brand with strong global market presence. Furthermore, the acquisition provided long-term value through consistent revenue streams and reduced dependence on Berkshire Hathaway's existing industry segments, thereby strengthening its overall financial stability and strategic positioning.

Market-extension and Product-extension mergers are the most strategic and beneficial type of mergers. The acquisition in 2002 of the American-based Eagle Bancshares Inc by the subsidiary of Royal Bank of Canada, RBC Centura Inc. saw the Canadian company gain access to Eagle Bancshares assets which were worth $1.1 billion, as well as almost 90,000 accounts (Neumann Associates, n.d.). This acquisition helped RBC Centura to expand into the U.S. market, while also gaining American customers, along with their deposits. Hence, expansion into a new market was easy for RBC Centura. Same can be told about the acquisition of fast food chains like Pizza Hut, KFC, and Taco Bell by PepsiCo, which was a Product Extension M&A. Fast Food & Soft Drinks, are not the same products but cater to the same industry. Thus, to expand its soft drink reach, Pepsi acquired Taco Bell, KFC, and Pizza Hut, and turned them into a subsidiary called Yum! Brand (Quartr, n.d.). In its annual report 2024, Yum! Brand generated a revenue of $7.55 billion with a net profit of $1.49 billion. These acquisitions helped PepsiCo diversify their services and expand into the fast-food industry (Yum! Brands, 2024).

3.2 Problems Associated with Mergers & Acquisitions

Not all M&A deals are successful. As mentioned earlier, the failure rate of M&A deals is quite high, which makes them very risky. The case of Viacom and CBS can be a great example for this. Viacom's purchase of CBS in 1999 was based primarily on the theory that advertisers could pack a huge array of advertising time and space on broadcast television, across cable outlets, in print, and even on radio, and billboards. But this failed as by 2005, as the inter-platform cross-advertising synergies never subsisted, there were conflicts between leadership voices, and due to the rise of digital media.

Similarly, when Microsoft acquired Skype for $8.5 billion in 2011, it followed the same preservation playbook. Skype managed to maintain its own brand, management and leadership team, and development priorities while Microsoft parallelly invested in other communication products like Lync. This dual strategy created a fundamental organization confusion. This confusion was further fuelled by the launch of Teams, which was conceived more as an integrated component of Microsoft's ecosystem, rather than as a standalone product. So, in May 2025, Skype was shut down for ever (Forbes, 2025).

Another example of M&A failure includes the example of AOL and Time Warner. Time Warner was acquired by AOL in 2001, valued at $165 billion, claiming the largest deal in M&A history. The merger was fuelled by the belief that the combination of AOL's internet services with the media assets of Time Warner would create very large synergies and would dominate all others in the digital future. However, it soon became a famous example of failure. The integration process was painful, given the cultural clash between an aggressive and fast-paced Internet mentality at AOL and the traditional corporate working style at Time Warner. The dot-com bubble soon after burst, leaving AOL grossly overvalued. Advertised cross-promotion and digital media synergies never came to work, causing immense financial losses.

RESEARCH PROBLEM

Eternal (formerly Zomato), as a new-age company has leveraged Mergers and Acquisitions (M&A) strategy for its expansion over the years through acquisitions such as Uber Eats BlinkIt merger and Paytm's ticketing business. This research aims to analyse these mergers and acquisitions (M&A) strategies and the impact of the same in the company's long-term value.

Research Objectives

The research objectives of this paper are as follows:

1. To understand the rationale behind the Mergers and Acquisitions (M&A) strategies adopted by Ethernal (formerly Zomato).
2. To analyse the impact of the Mergers and Acquisitions (M&A) strategies adopted by Ethernal (formerly Zomato).
3. To conduct a comparative analysis between Ethernal (formerly Zomato) and its competitor Swiggy.

Research Methodology

The study adopts an exploratory research design, employing a case study method to investigate Eternal's (formerly Zomato) expansion strategy through mergers and acquisitions. The study primarily utilizes qualitative secondary data sourced from published literature, news articles, company reports, and industry analyses to draw insights and conduct comparison with competitor Swiggy. This approach involves analysing the rationale behind the acquisitions of Uber Eats in 2020, Urbanspoon in 2015, BlinkIt in 2022, and Paytm's ticketing business in 2024 and the outcome of the same.

FINDINGS

All of Eternal's (formerly Zomato) acquisitions played a vital role in shaping its long-term growth and sustainability. Each of the acquisitions were aimed to overcome constraints like domestic market dominance, global expansion, improving platform capabilities and diversification of revenue streams. This section analyses the rationale behind Eternal's (formerly Zomato) acquisitions and the result of the same.

7.1 Overview and Rationale of the M&A Strategies

7.1.1 Overview and Rationale of the Acquisition of Urbanspoon

In 2012, Zomato had successfully established operations and services in major Indian cities like Delhi NCR, Chennai, Ahmedabad, Pune and Hyderabad . This was the phase when Zomato primarily was a restaurant discovery and menu digitisation platform, with its business model generating revenue through advertising and restaurant listings. The launch of its mobile application in 2012 emerged as growth driver, as it capitalized on India's growing smartphone adoption at that time . But as internet penetration in India stood at just 11% that too mainly concentrated to the Tier-1 cities Zomato's domestic growth faced structural constraints . With these limitations, domestic services alone weren't sufficient to sustain Zomato's long-term ambitions.

Global expansion emerged more as a strategic requirement rather than a discretionary choice. Zomato expanded its services to a variety of countries like Sri Lanka, the UK, Qatar, the UAE, and the Philippines. Brazil, Turkey, and New Zealand were added to the list in 2013 . This globalisation strategy coincided with favourable industry conditions as in 2011, the global consumer food service industry surpassed \$2.3 trillion. The market dominance was concentrated in the USA and Western Europe, in spite of notable growth seen in emerging economies like Brazil, India and China5. These developed economies were particularly attractive due to their mature food service industries, higher advertisement spending capacity and greater internet penetration, all of which aligned Zomato's business model.

Zomato opted for acquisitions as its mode of global expansion rather than the traditional and organic growth route. The mature food service industries in advanced economies would have required immense resources and a lot of time to build restaurant partnerships, brand recognition and a substantial user base. Zomato raised more than \$200 million at a valuation of more than \$1 billion . These funds were then used to acquire start-ups in these countries to strengthen their position in these countries and improve their services. In 2014, Zomato started its acquisition drive by targeting well-established and dominant local platforms like MenuMania in New Zealand, Lunchtime in the Czech Republic, Obedovat in Slovakia and Gastronauci in Poland for undisclosed amounts. In the same year, Zomato acquired Cibando, a company based in Italy for \$6 million. This acquisition helped Zomato in improving its mobile application by personalizing the dining experiences and integrating seamless reservation services . At that time, Yelp was Zomato's biggest competitor. Through their "Local Area Saturation" strategy, Yelp managed to create a strong foothold over the USA and other western countries and was leading the race with 130 million unique monthly users as compared to Zomato's 80 million . That's why in 2015, Zomato had acquired US-based restaurant search guide Urbanspoon for \$52 million in an all-cash deal . This gave them the access to the largest and the most competitive food service market. By integrating these platforms and user base to its main application, Zomato expanded its operations to 22 countries, positioning itself as an emerging global player in the restaurant discovery segment.

Overview & Rationale of Uber Eats Acquisition

In January 2020, Zomato acquired Uber Eats India in an all-stock deal, where Uber got almost a 10% stake in Zomato, valuing the deal at \$350 million. This was the first-of-its-kind horizontal merger in the Indian food-delivery industry, shifting the competition dynamics of the industry .

As on 2019, the food delivery industry in India was an industry of intense competition. Swiggy was the market leader, with nearly 1.4 million daily orders in December 2019, with Zomato and Uber Eats India lagging at 1.2 million and 400 thousand respectively9. Logistical infrastructure, competitive discounting and high customer acquisition costs led to the companies in this industry having a high cash burn rate. Swiggy had a net loss of Rs. 2,346 crores, while Foodpanda had reported a loss of Rs.756 crores, with losses exceeding the revenue in both cases . But Zomato's higher average order value (AOV) implied that amongst the 3 competitors, Zomato had better monetisation potential, showcasing superior unit economics compared to its competitors.

Despite the intense competition, the online food services industry in India had huge growth potential. Existing literature indicates that the online food delivery segment was one of the fastest-growing digital services in India, with the main drivers being urbanisation, lifestyle changes, and increasing smartphone penetration. Empirical evidence showed that nearly 66%

of the users, between the ages of 18 and 35, used this online service at least twice a week . This repeated consumption behaviour underscored the sector's scalability and made it attractive for long-term investments.

Hence, looking at the external factors, Zomato acquired its competitor Uber Eats India in 2020. From a synergy standpoint, this acquisition had multiple advantages. Firstly, the restaurant partners which Uber Eats India had established, would contribute in enhancing Zomato's restaurant coverage and will provide more options to its users. By acquiring this competitor, which had a network covering 41 cities and over 26,000 partner restaurants, Zomato was now able to deliver and manage logistical operations in almost 550 cities all over India . Second, this acquisition also provided Zomato a chance to consolidate its operations and delivery network in certain regions. In parts of Tamil Nadu, Kerala, and Madhya Pradesh, Uber Eats has a stronger foothold compared to Zomato with approximately a 30% market share12. Acquiring Uber Eats India helped Zomato strengthen its operations in these regions. Overall, the analysis suggests that Zomato acquisition of Uber Eats India wasn't driven merely by the objective of market dominance, but also helped in improving unit economics, operational efficiencies and strengthened its network around the country.

Overview & Rationale of BlinkIt Acquisition

In June 2022, Zomato acquired BlinkIt in all-stock for about Rs.4,447 crores. This was Zomato's attempt to dominate and expand in the quick-commerce industry after rivals Swiggy, JioMart by Reliance Industries, BigBasket backed by the Tata Group and Zepto were also betting on fast deliveries in the quick commerce sector .

The term "quick commerce" was given to the rapid delivery of goods and services, often under an hour. This industry was seen as the successor to both the traditional retail industry and the e-commerce industry. This industry started showing potential in India back in 2020, when online grocery purchases reached $2.66 billion in 2020, mainly due to the COVID-19 restrictions which created mobility issues. Industry projections estimate this sector to grow at a CAGR of nearly 27.9%, reaching about $5 billion by 2025 . Zomato's biggest rival, Swiggy, had entered the market a year earlier with Instamart, which by FY22, Instamart was accounting for nearly 35% of Swiggy's Rs. 5,705 crores revenue . This prompted Swiggy to pledge an investment of another $700 million in this segment to scale its operations further .

Quick-commerce was Zomato's stated strategic priority since 2021, and this was seen in their investment of about $100 million in BlinkIt during its unicorn round, following its transition from Grofers to pure quick-commerce model. Their previous attempt of entering the market in 2021 yielded limited success. This exit pushed Zomato to plan another investment of $500 million in BlinkIt, which later became an all-stock acquisition16. By taking over BlinkIt, it had gained some foothold in the highly competitive Indian quick commerce space that had been rapidly growing and was majorly dominated by players like Amazon Pantry, BigBasket, and Swiggy .

At that time, BlinkIt was already processing over a million orders a week, across 12 cities in India, proving the readiness of their system and business model in the segment. The combined entity would be the market leader with nearly a 40% market share in this industry . BlinkIt's acquisition helped Zomato re-enter the quick-commerce industry through an operationally tested and scalable platform, which helped them avoid the high cash-burn and risks associated with organic development capabilities. This acquisition not only provided Zomato an immediate market access, but a platform which was supported by strong operational synergies, which include last-mile hyperlocal delivery and logistical infrastructure and high-frequency consumer demand. Zomato's established customer base gave BlinkIt an instant demand-side scale, while the shared logistics capabilities improved unit economics and cost efficiency, which proved the rationale of the acquisition.

Overview & Rationale behind the Acquisition of Paytm's Ticketing Business

Paytm entered India's ticketing and live events industry in 2016 and expanding by acquiring Insider.in and TicketNew in 2017 and 2018 respectively. India's live events industry at that time was valued at Rs.4,000 crores and the online ticketing penetration was only 10% of it . Insider.in was able to establish an early scale with 4,000 listed events on its platform and around 1.1 million monthly active users between October 2016 and March 2017, out of which repeating users accounted for nearly 30-40% of the transactions . TicketNew helped Paytm in strengthening its position in the movie ticketing industry, primarily in South India, a region Paytm was yet to touch. After this acquisition, Paytm had partnered with nearly 4000 screens across India, just behind BookMyShow with 4500 screens .

But in 2024, Paytm divested its ticketing business as a strategic effort to shift its focus to its core payments and fintech operations. This ticketing business, consisting of TicketNew and Insider.in, was sold to Zomato for Rs.2,048 crores . For Zomato, this acquisition represented an effort to expand its newly launched "going-out" vertical by using an established platform rather than through organic means, which helped Zomato prevent the execution risks and scaling cash-burns associated with launching a new marketplace.

This acquisition coincided with India's booming live events industry, which grew by more than 5x since 2017, reaching a market size of Rs.20,861 crores in 2024 with a YoY growth rate of nearly 15%. The consumer demand in this industry was primarily driven by India's young urban population, as nearly 70% of the tickets were purchased individuals aged 18-34 in

Tier-1 cities, with an average advance booking time of 3-4 weeks prior to the event and average ticket spends ranging from Rs.1000 and Rs.3500. Large scale events like Lollapalooza and Coldplay's tour showed notable spillover effects, with each major event contributing between Rs.25-40 crores to related industry .

From a financial and competitive standpoint, Zomato was able to get a well-tested and operationally functional platform, which was also revenue-generating. In FY24, Paytm Insider reported a revenue of Rs.297 crores with an EBITDA of Rs.29 crores . The acquisition also gave Zomato an immediate 45% market share in the live events industry . This acquisition would help Zomato diversify its business beyond its core logistics-based business while limiting dependence on risky growth assumptions.

The impact of the Mergers and Acquisitions (M&A) strategies adopted by Ethernal (formerly Zomato).

Impact of the Acquisition of Urbanspoon

After acquiring other restaurant discovery and menu digitisation platform companies in the global markets, Zomato was then present in nearly 22 countries. All these companies were slowly integrated into Zomato's main application, providing a standard user experience. There are over 1 million restaurants to choose from in 10,000+ cities, making Zomato one of the largest restaurant guides in the world. Specifically talking about the acquisition of Urbanspoon, this acquisition was important for Zomato as they were able to make entry to US, Canada and Australia to take up competitors like Yelp. With Urbanspoon alone generating about 45 million monthly visits, the Zomato's aggregate monthly traffic surpassed 80 million, 70% of which came from its global mobile based applications . Yet, Yelp was way ahead of Zomato with nearly 130 million unique monthly users . After all these acquisitions, in FY15, Zomato reported a revenue of Rs.96.7 crores against an EBITDA loss of Rs.136 crores .

These losses started increasing in the following years as Zomato transitioned from an online restaurant aggregator into a food-delivery application. By FY18, 65% of Zomato's revenue of $75 million came from just India and UAE27. Its revenue from its global subsidiaries further declined as by FY21, International business contributed only about 10% to the business and 2.5% to its total assets, according to its IPO filings, while accounting for more than 15% of liabilities and had an over 13% share in loss in FY21 .

After going public in July 2021, the following quarterly results showed that Zomato made Rs 806 crore of its Rs 844.4 crore operational revenue from India, Rs 31 crore from the UAE, and the rest from its other markets. Such minuscule returns led to Zomato exit most of the countries it operated in, including UK, USA and Singapore . After shutting down in 10 more countries, Zomato presented this whole international exit a "clean-up drive". Clean-up too is important to exit the loss-making ventures or markets where the efforts are not rewarding, just as expansion is important for a business to find new sources of earning revenue, even though this ended as a failure, Zomato's decision to exit these countries to countdown losses to focus on the profitability route showcases Zomato's ability to fearless adapt to situations and take harsh decisions when necessary.

Impact of the Acquisition of Uber Eats India

After its acquisition, Uber Eats India shut its operations and its restaurants, delivery partners and users were redirected to Zomato's platform, which became effective from 20th January 2020 . Zomato fully integrated Uber Eats India's platform, providing a seamless transition for the users of Uber Eats India. The immediate operational impact of this acquisition was noticed in Zomato's scalability and partnerships. In FY19, Zomato operated with a network consisting of approximately 61,000 restaurant partners and 81,000 delivery partners, and after the acquisition in FY20, this network had more than doubled to 131,000 active restaurant partners and 189,000 active monthly delivery partners, now serving about 10.7 million monthly transacting customers .

However, Zomato couldn't see any immediate financial benefits due to the COVID-19 restrictions imposed by the government. The positive financial profiling was more apparent by FY22, when Zomato reported an annual adjusted revenue of Rs.47.6 billion, which was more than double what it reported in FY20. Additionally, a stark improvement was noticed in Zomato's EBITDA, when losses declined significantly from Rs. 19.3 billion in FY20 to Rs. 3.8 billion in FY22, which indicated improvement in margin structures and operational efficiency. During the same period, the platform served 14.7 million monthly transacting users, supported by a network of 180,000 active monthly restaurant partners and over 285,000 active monthly delivery partners32.

Prior to the acquisition, the Indian food delivery industry was dominated by Swiggy, with a market share of 61% and 55% in 2018 and 2019 respectively. But this dominance changed post-acquisition, as Zomato rose to become the new market leader with a market share of 53% and 55% in 2021 and 2022 respectively . By the end of FY25, Zomato further consolidated its position, now holding a market share of 58%33. In Q2 FY26 alone, Zomato's platform hosted 24.1 million monthly transacting users, and their operations were supported by a network of 327,000 restaurant partners and 555,000 delivery partners. The food delivery segment generated an adjusted revenue of Rs.2.863 crores and an adjusted EBITDA profit of Rs.505 crores . This profitability and maturity of its food delivery vertical enabled Zomato to explore and expand into new service ventures without worrying about its core business.

IMPACT OF THE ACQUISITION OF BLINKIT

Following the acquisition of BlinkIt, Zomato decided to opt for a non-integration strategy by deliberately choosing not to merge BlinkIt into its main food-delivery application. Instead, Zomato decided the extent to which it would be integrated is through sourcing synergies with its business-to-business supplies vertical Hyperpure, and a tab on the Zomato app that directs users to the BlinkIt app . This made BlinkIt a standalone consumer-facing platform. This strategy had a stark contrast with Swiggy's approach, where the quick-commerce services were offered alongside the food-delivery services on its main application.

Within just a year of its acquisition, BlinkIt became a critical aspect of Zomato's service ecosystem. By Q2 FY24, BlinkIt reported that approximately 4.7 million monthly transacting users placed 45.5 million orders throughout the quarter, with an average order value (AOV) of Rs.607. The platform witnessed a 114% year-on-year growth in revenue, reaching Rs.505 crores, while simultaneously improving its operating efficiency and profit margins, as seen in the reduction of the adjusted EBITDA losses to Rs. 125 crores from Rs.259 crores in Q2 FY23. At the same time, BlinkIt focused on expanding its physical infrastructure and improving its network by adding 45 new dark stores, bringing the total count to 411, with each store bringing in a daily average gross order value (GOV) of Rs.757,000, highlighting improving unit economics .

By Q2 FY26, BlinkIt saw a significant fundamental shift in business model, as it decided to transition to an inventory-led business model. This shift helped BlinkIt surpassed Zomato's core food-delivery segment in terms of revenue, improve its financial profiling and overall having more control on its inventory and margins. In Q2 FY26, BlinkIt's revenue stood Rs.9,891 crores with an adjusted EBITDA loss of just Rs.156 crores, indicating a clear path towards profitability. The platform also managed to scale its operational network to 1,816 dark stores and 339,000 delivery partners, enabling them to serve a monthly transacting userbase of 20.8 million. During just this quarter, BlinkIt fulfilled 222.7 million orders, with an average order value (AOV) of Rs.524. Moreover, each of the 1,819 dark stores generated a daily average net order value (NOV) of Rs.771,000, showcasing improvements in operational and financial efficiency . At the same time, BlinkIt managed to maintain its industry dominance with a market share of 44% .

IMPACT OF THE PAYTM TICKETING BUSINESS ACQUISITION

As a part of the acquisition deal, Paytm was allowed to continue offering ticketing services for the next 12 months before fully handing over operations to Zomato's newly launched 'District' app. This app was poised to become a key player in the going-out segment, further diversifying Zomato's portfolio . The platform further expanded the services offered by Zomato. By integrating multiple consumer-facing services like live events discovery, ticketing services and restaurant reservations, Zomato was able to provide its offline consumption services under a single application.

The acquisition represented a noticeable trajectory shift in Zomato's "going out" vertical. In the quarter preceding the acquisition, the "going out" segment only recorded a gross order value (GOV) of Rs. 1,268 crores and revenue of Rs. 95 crores, which equates to a revenue margin of just 7.5%. The adjusted stood at just Rs.10 crores, highlights limited scale on this segment . However, in the quarter immediately following the acquisition, Q2 FY25, this segment recorded a significant jump across all metrics. Gross order value (GOV) increased to Rs. 1,849 crores and the revenue rose to Rs. 154 crores, showing a 150% growth in both metrics. In the same period, the revenue margin went up by 80 basis points to 8.3%, and the adjusted EBITDA expanded by 1.6 times to Rs. 16 crores, indicating early realization of synergies .

By Q2 FY26, Zomato made the "going-out" as one of their priorities and witnessed a 32% year-on-year increase in their net order value (NOV, which touched Rs. 2,063 crores. The revenue grew by 23% to Rs. 189 crores, and the revenue margins being just below 10%. Despite the improvement in financial metrics, the adjusted EBITDA steeply decline to a loss of Rs. 63 crores, which could be attributed to expansion plans and customer acquisition costs. But by this quarter, Zomato was able to expand its "going out" business not only in India, but in UAE as well . As a result of acquisition and expansion associated to this segment, Zomato now has a 45% market share in the live events industry in India [5].

COMPARATIVE ANALYSIS BETWEEN ETHERNAL (FORMERLY ZOMATO) AND SWIGGY

Swiggy is Zomato's main rival, and these two companies have essentially created a duopolistic market structure in food-delivery and quick-commerce. While Zomato attributes its growth to inorganic acquisitions to consolidate its positions and grow in a segment, Swiggy went the traditional route by opting to grow organically. This section compares these two companies across several key metrics to understand if the inorganic route of expansion of Zomato has given an edge to the company over Swiggy.

Table 1: Comparative Analysis between Ethernal (formerly Zomato) and Swiggy

Dimension	Ethernal[46]	Swiggy[44]
Group Scope (2025)	Zomato (food delivery), BlinkIt (quick commerce), Hyperpure (B2B supplies), District (going out/events)	Swiggy (Food delivery), Instamart (quick commerce) Dineout (dining out)
Market Share (FY25)	55-58% (food delivery) 46% (quick commerce)	42-45% (food delivery) 25% (quick commerce)
Revenue (YoY growth) (FY25)	Rs. 20,243 crores (~67%)	Rs. 15,227 crores (~35%)
Profitability Trend (FY25)	Rs. 527 crores Profit after Tax	Rs.3,117 crores loss
Cities covered	800+ cities (food delivery) 100+ cities (quick commerce) as of Q1 FY25[47].	720+ cities (food-delivery) 128 cities (quick commerce) as of Q2 FY26[48].
Quick Commerce metrics (FY25)	Around 15.7 lakh daily orders across 1,301 dark stores with an AOV of Rs.665.	Around 12.15 lakh daily orders across 1,021 dark stores with an AOV of Rs.527.
Monthly Users (food-delivery) (FY25)	2.09 Crore monthly transactional users.	1.51 Crore monthly transactional users.
Cash and Cash equivalents (FY25)	Rs.18,824 crores	Rs.6,695 crores
Food Delivery partners (FY25)	More than 5 lakh delivery partners and 3 lakh restaurants[49].	Around 6.9 lakh delivery partners and 2.6 lakh restaurants[46]
SKUs (FY25)	5,000 - 7,000[50]	10,000+ [51]

The comparative table assesses both the companies on important economic, financial and business metrics like number of users, number of dark stores, Average Order Value, balance sheet metrics, profit-and-loss metrics, market share, cities covered, SKUs, etc. This table showcases Zomato's lead over Swiggy in majority of the metrics. Firstly, Zomato is clearly dominating both the industry with a higher market share (55-58%, 46%) over Swiggy (42-45%, 25%). This difference in market share could be due the Zomato's higher coverage of cities with its food-delivery business being in 800+ cities as compared to Swiggy's 720+, helping Zomato have a bigger customer base than Swiggy.

The advantage of this market share distribution could be noticed in its revenue, with Zomato having nearly 32% more revenue than Swiggy. While the difference between the companies in the food-delivery segment is minimal, the quick-commerce segment has a different story. With more dark stores, daily orders and a higher Average Order Value, Zomato's BlinkIt has leaped ahead of Swiggy's Instamart, which has helped Zomato have higher profit margins. That's why Zomato is profitable and Swiggy is heavily loss-making. Overall, this comparison provides conclusive evidence that Zomato has managed to maintain its dominance in each of the segments, while still growing at a faster rate than Swiggy.

DISCUSSIONS

Zomato's food delivery business can be considered as the cash cow business of Ethernal as per the BCG Growth-Share Matrix. It is the core business and the only profitable business operated by Ethernal, which provides it with the cash flow necessary to fund and invest in the growth of its other businesses. Before the acquisition of Uber Eats India in 2020, Swiggy held an approximate 52% market share, dominating the Indian food-delivery industry. Since then, Eternal has significantly overtaken Swiggy, holding 58% market share, while Swiggy is in the 40s. While it has shown minimal and slowed down growth with a mere 18% year-over-year growth, as of Q1 FY26, its EBITDA increased by 44.09% to Rs. 451 crores .

In 2014 and 2015, Zomato made some major acquisitions of foreign food-tech startups across various countries to expand their reach throughout the globe. Starting with Menu Maina in 2014 for New Zealand, Obedovat for $3.25 million and Lunchtime in 2014 for Czechia and Slovakia, Cibando in 2014 for Italy, and Urbanspoon for $55 million in 2015 for United States and Canada, all these acquisitions were strategic moves to expand globally. These acquisitions can also be considered as Horizontal M&A deals, due to the main objective of these deals being to strengthen the core and fundamental business of food delivery. But since 2020, Zomato has pulled the plug in most of their previously operated countries, and as of 2024, they are only operating in Indonesia, Sri Lanka, and UAE. These acquisitions and global expansion cost millions of dollars and in the end, they had to shut down most of their international subsidiaries. These losses would result in this business being placed in the Dog category for Ethernal as per the BCG Growth-Share Matrix.

The acquisition of BlinkIt was a market-extension M&A deal. Logistics was the common operational synergy between

BlinkIt and Zomato, which allowed Eternal to expand from food to groceries, expanding into a much larger and faster-growing industry for sustainable growth. BlinkIt is easily the star business of Ethernal as per the BCG Growth-Share Matrix. Even though it is an EBITDA negative business, with a negative of Rs. 162 crores, it's mostly due to expansion and opening of new stores, a net of 243 new stores in Q1 FY2650. With a 155% year-over-year growth rate and a revenue of Rs. 2400 crores in Q1 FY26, it is predicted to overtake Zomato's revenue by Q2 FY2650. This growth paired along with the 46% market share in the Indian quick-commerce industry, BlinkIt meets all criteria requirements to be the Star business of Ethernal. Zomato leads food delivery with 58% market share in Q1, Blinkit tops quick commerce in 202452.

On the other hand, the acquisition of Paytm’s ticketing business can be a perfect example of a Product-Extension M&A deal. It was a very smart way to expand the offerings in their going-out business. District is the business dedicated to going-out industry. Restaurant reservations, movie tickets, live event tickets, and other going-out activities are managed by the District app. But there is a significant risk associated with the acquisition of Paytm’s ticketing business. Zomato’s plan for global expansion failed mainly due to pre-existing big players in the food delivery industry of other countries. Eternal’s international exit can be considered as “clean-up drive” as it wanted to focus more on profitability and other ventures, as their efforts for global expansions weren’t rewarding enough. Another reason could possibly be the dominance of pre-existing competitors like Uber Eats and Door Dash in those markets. Similarly, the ticketing business in India is dominated by BookMyShow. For multiple years, BookMyShow has been the market leader, and has a strong market hold and dominance. The acquisition of Paytm’s ticketing business was a smart move, as it removed one major competitor while providing a pre-existing interface, customer base, and a distribution system and technology. Yet even though there is noticeable growth in the “going out” business, it will still take a lot of effort and investment from Ethernal to give stiff competition to BookMyShow. District’s revenue is very small at Rs. 207 crores, however, its year-over-year growth rate stands at about 118% as of Q1 FY26, making it the second fastest growing business under Zomato50. Even with this growth rate, it will take a lot of time and effort for District to catch up to BookMyShow. Solely due to the lack of dominance in this sector, this business is also being placed at Question Mark.

CONCLUSIONS

This study concludes that even though Ethernal’s initial acquisitions were a major failure, the acquisitions post-2020 are the reason they are dominating both the quick-commerce and food-tech industries. Uber Eats India helped them gain dominance in the Food-tech industry, while BlinkIt helped them instantly become market leaders in a highly competitive industry like quick-commerce.

Diversification after complete strengthening of their core business also played a major role in Ethernal’s growth. Expansion into various industries: traditional industry like B2B supplies through Hyperpure, new and quick-growing industry like quick-commerce, and a successor industry to their core business like “going-out” through District. Each of these industries helped Ethernal in acquiring a huge customer base across various regions and because of diversification, they don’t have to depend only on their core business, as each of these businesses are revenue-generating.

Other new-age startups and Indian companies can take inspiration from Zomato’s acquisitions to diversify their business, gain dominance in their respective industries, and grow their business in an inorganic way. These examples of acquisitions serve as the perfect success stories as why acquisitions are the best way to diversify, grow and gain dominance.

Recommendations

Adopt a Disciplined Approach to Expansion: Learning from the global expansion strategy of Ethernal, firms should expand globally only after achieving sufficient domestic stability and operational maturity. Also, organizations are advised to adopt a phased global expansion strategy, after conducting an in-depth market analysis.

Leverage Strategic Acquisitions: One of the biggest advantages of acquiring companies for expansion instead of organic growth are existing cash flow, distribution networks, brand name, operational and synergy advantages. BlinkIt had an existing revenue, a distribution system, and a brand name. All Eternal had to do was invest in its growth and expansion, rather than focusing on starting from the beginning like Swiggy and Zepto. This helped Eternal take and maintain a lead over the other competitors. Similarly, companies must focus on the anticipated efficiencies and competitive advantages that a merger can bring.

Focus on Achieving and Sustaining Market Leadership: Market dominance is one of the main reasons behind Ethernal’s success. It stresses a lot achieving and maintaining market dominance in its industries and the acquisition of Uber Eats India serves as the primary example for this. That acquisition helped them overtake Swiggy, while also reducing a competitor in the industry. Similarly, while expanding into quick commerce, they decided to acquire the biggest player in the industry, so that they could have the advantage of market dominance, and so that they’ll need to focus only on expansion, and not market share capture, hence reducing their customer acquisition expenses. Hence, companies must prioritize capitalizing on core businesses before diversification into new segments.

Diversification for Growth Acceleration: Eternal focuses a lot on diversification. From time to time, it makes sure to expand and diversify outside its core business. Once their core business became profitable in FY23, they started focusing a lot on diversification across multiple industries. That's why as of Q1 FY26, 3 of their businesses generate over Rs. 2000 crores in quarterly revenue, while their overall company's operation is still profitable.

Institutionalize a Culture of Strategic Pruning: Organizations should develop a systematic approach to evaluating and discontinuing underperforming ventures which aren't worth the effort and time. In the case of Ethernal, global expansion can be considered the best example of it. Even though they invested and lost way too much money, they decided to shut it down as a 'clean-up drive', which helped them in preventing potential future loss of capital and efforts. Whether it's Zomato Intercity Legends, or replacement of Zomato Gold with Zomato Pro in 2020, or the revival of Zomato Gold in 2023, they have never been shy of shutting down ventures where they don't see their efforts being rewarded enough. This has helped them prevent potential future losses and has helped them redirect that funding to profitable and growth-focused ventures.

Limitations of the study

Limitations include reliance on potentially biased or incomplete secondary sources and the lack of primary data, such as stakeholder interviews or surveys, which could enhance depth but are absent due to the exploratory nature focused on existing records.

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