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The Economics of Affordable Food Delivery: Evaluating Swiggy's Toing Business Model in India

A Secondary Research Paper

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Abstract

India's online food delivery market has grown on the back of convenience, but rising platform fees, packaging charges and taxes have pushed many orders beyond the reach of students, early-career workers and smaller-town consumers. In September 2025, Swiggy responded with *Toing*, a standalone budget delivery app built around menu-price parity, simplified fees and lower restaurant commissions. This paper evaluates the economics of that model using a secondary-research case-study design. Drawing on Swiggy's Q1 FY27 disclosures, earnings-call commentary, trade-press price audits and rival statements, it assesses Toing through three lenses: two-sided platform pricing, unit economics at low order values, and competitive sustainability against zero-commission entrants such as Rapido's Ownly. The evidence suggests that Toing is best understood as a market-expansion and segmentation strategy rather than a pure price cut: management reports that about two in three new Toing users are new or dormant, and that roughly 70% of Swiggy users transact less than once a month. However, Toing-specific profitability is undisclosed, low basket sizes put pressure on fixed last-mile costs, and Swiggy's rival Eternal argues that sub-₹150 delivery cannot work without supply-chain innovation. The paper concludes that Toing's viability depends on achieving higher order frequency, ad monetisation and delivery efficiency at scale, and identifies the data that future primary research should collect.

Keywords: food delivery; platform economics; two-sided markets; affordability; unit economics; Swiggy; Toing; India

JEL classification: L81, L11, D43, M31

1. Introduction

1.1 Background

Food delivery platforms such as Swiggy and Zomato (now part of Eternal) transformed urban dining in India during the 2010s. By the mid-2020s, however, growth had matured in the core metros and attention shifted to quick commerce. Inc42 (2025a) noted that growth in Swiggy's food delivery vertical, like that of its competitor Eternal, had been subdued in recent quarters relative to quick commerce, even as Swiggy was aggressively raising platform fees.

The fee trajectory matters. MediaNama (Bansal, 2025) reported that the platform fee began as a ₹2 charge in 2023 and had reached ₹15 on Swiggy's main app by September 2025, with Zomato at ₹12.5. Add packaging charges, weather surcharges and GST, and a low-value meal can cost materially more than the restaurant's menu price. Affordability therefore became both a consumer problem and a strategic opening for new entrants.

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1.2 Problem statement

Swiggy's answer was Toing, launched in September 2025 as a separate app promising "lowest price" meals. Whether a standalone budget app can be economically sustainable, when delivery costs per order are largely fixed and baskets are small, is an open question with implications for platform strategy, restaurant economics and gig-worker welfare.

1.3 Research objectives

1. To describe Toing's business model: value proposition, fee architecture, supply-side terms and monetisation logic.
2. To evaluate its economics using platform-pricing theory and available financial disclosures.
3. To assess its competitive position against zero-commission and rival low-price models.
4. To identify risks, evidence gaps and directions for future research.

1.4 Research questions

- **RQ1.** How does Toing create and capture value differently from Swiggy's flagship app?
- **RQ2.** Does the available evidence indicate that Toing expands the market or cannibalises existing demand?
- **RQ3.** What conditions are required for low-order-value delivery to be financially sustainable?

1.5 Significance

Toing is among the first large-scale attempts by an Indian listed platform to build a dedicated low-ticket delivery business. Swiggy has described it as its biggest bet of the past two years (Multibagg, 2026), and has tied its FY31 food delivery targets to it (Swiggy Ltd., 2026b). The case is therefore useful for students of platform strategy, retail economics and competition policy.

2. Literature Review and Theoretical Framework

2.1 Two-sided markets and price structure

A delivery platform serves restaurants and consumers simultaneously. Rochet and Tirole (2003) show that in such markets the *structure* of prices (who pays how much) matters, not just their overall level, because each side's participation raises the value of the platform to the other. Armstrong (2006) formalises how competing platforms may subsidise the side that is more price-sensitive or that generates larger cross-side benefits. Parker and Van Alstyne (2005) extend this by showing how cross-subsidies can be rational when they build network effects. For Toing, the framework suggests examining which side is being subsidised and by what mechanism: lower consumer fees, lower restaurant commissions, or advertising income.

2.2 Business model analysis

Teece (2010) defines a business model as the logic by which an organisation creates, delivers and captures value. This paper uses that structure: value created for consumers (lower all-in prices), value delivered through logistics and restaurant supply, and value captured through fees, commissions and advertising.

2.3 Low-end markets and non-consumption

Prahalad and Hart (2002) argued that firms can profitably serve lower-income segments by redesigning cost structures rather than simply discounting. Christensen (1997) describes how low-end offerings can attract customers who were previously over-served or not served at all. Toing's stated aim of converting infrequent or dormant users fits this lens: the target is non-consumption of delivery, not only competition for existing orders.

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2.4 Gap in the literature

Because Toing launched only in 2025, peer-reviewed work on it does not yet exist, to the author's knowledge. This paper therefore applies established theory to current industry evidence and flags where data are insufficient.

3. Research Methodology

Design. A qualitative, single-case study based entirely on secondary data, supplemented by an illustrative unit-economics model.

Sources. (i) Company disclosures: Swiggy's Q1 FY27 press release and its August 2026 investor-outlook release; (ii) earnings-call coverage and analyst commentary; (iii) trade and technology press, including a price audit of the Toing and Swiggy apps; (iv) app-store listings and company announcements; and (v) press coverage of competitors, notably Rapido's Ownly. Searches were conducted in October 2026; the data cut-off is 26 October 2026.

Analysis. Sources were coded thematically against the Teece (2010) value framework and the two-sided pricing literature. Where company claims could not be independently verified, they are labelled as management-reported.

Limitations. Swiggy does not publish Toing-specific revenue, margins or order counts. Several figures come from management commentary relayed by media. The unit-economics illustration in Section 6.2 uses hypothetical parameters and is meant to show mechanics, not Swiggy's actual costs. No primary survey or order-level data were used.

4. Industry and Company Context

4.1 Swiggy's scale

In Q1 FY27 (April–June 2026), Swiggy's food delivery gross order value (GOV) grew 17.4% year on year to ₹9,490 crore, and food delivery monthly transacting users reached 19.2 million, up 17.8% (Swiggy Ltd., 2026a). The company reports a network of over 2.7 lakh restaurants across 720+ cities and more than 6.5 lakh delivery partners (Swiggy Ltd., 2026a). Food delivery segment revenue was
₹2,208 crore, up 22.7% year on year (Inc42, 2026a).

4.2 Profitability

Food delivery adjusted EBITDA was ₹292 crore, or 3.1% of GOV, slightly below the previous quarter's 3.3%, with management citing higher delivery-partner costs and annual wage revisions (Inc42, 2026b). Swiggy reiterated a medium-term target of 5% of GOV (Inc42, 2026a). Contribution margin stood at 7.6% of GOV (Inc42, 2026c). Consolidated, the company still posted a net loss of ₹791 crore, narrower than ₹1,197 crore a year earlier (Upstox, 2026).

4.3 Competitive pressures

The market is shifting on several fronts. Swiggy has run adjacent experiments: the "99 Store" inside its main app for ₹49–₹149 items, the 10-minute Bolt service, and the Snacc app (Inc42, 2025a; Bansal, 2025). Meanwhile Rapido's Ownly, a zero-commission platform, launched citywide in Bengaluru on 3 March 2026 (MediaNama, 2026) and was integrated into the main Rapido app in July 2026, with nearly 20,000 partner restaurants (Business Today, 2026; Outlook Business, 2026). Ownly has also signed an MoU with the National Restaurant Association of India (Restaurant India, 2026).

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5. The Toing Business Model

5.1 Timeline

Date	Development	Source
Jul 2025	"99 Store" launched inside Swiggy app (₹49–₹149 items)	Inc42 (2025a)
30 Aug – Sep 2025	Toing app appears on Play Store; pilot in Pune; platform fee ₹12 vs ₹15 on flagship	Bansal (2025)
After Sep 2025 (undated)	Expansion to Delhi NCR; live in 11 cities; 1 million+ downloads, 4.5 rating	Swiggy Ltd. (n.d.)
Q1 FY27 (Apr–Jun 2026)	Expanded to 50 cities	Swiggy Ltd. (2026a)
Aug 2026	Management links FY31 food targets to Toing	Swiggy Ltd. (2026b)

Note. The Delhi NCR announcement is undated in the source reviewed; its sequencing is inferred from the stated city count.

5.2 Value proposition

Toing promises menu-price parity: if a restaurant's menu lists ₹120 for a dish, Toing lists ₹120 (Apple App Store, 2025). The company says it will match or beat the restaurant's own table-menu prices (Swiggy Ltd., n.d.). Discovery is organised around price points, with categories such as "Under ₹99," "Free Delivery Picks" and "Value Combos." The target users are students, early-career professionals and value-conscious consumers (The Tech Outlook, 2025). Management says meals start at ₹49 and most are under ₹250 (Singh, 2026).

5.3 Fee architecture

At launch, MediaNama observed a ₹12 platform fee on Toing versus ₹14.99 on the flagship app, with packaging charges waived on Toing (Bansal, 2025). Later listing text advertises zero platform and packaging charges and low delivery charges (Apple App Store, 2025), and management described Toing in August 2026 as charging no delivery fee (Singh, 2026). Taken together, these sources suggest the fee structure has been revised since launch; readers should verify current charges in the app.

The MediaNama price audit is instructive. The same basket (Chicken Biryani Bowl and Falafel Nuggets) cost ₹346 on Toing and ₹486 on Swiggy. The gap was driven mainly by ₹25 packaging, a ₹25 rain fee, a higher platform fee and higher GST on the flagship (Bansal, 2025). The restaurant's pre-fee basket price was also different (₹318 vs ₹368), so part of the gap reflects menu pricing, not only fees. This indicates that Toing's apparent affordability partly reflects the surcharges layered onto the flagship app, which the author of that analysis framed as "redefining affordability" by shifting charges between apps (Bansal, 2025).

5.4 Supply side and logistics

Swiggy's group CEO said Toing's commissions need to differ from the flagship's so that restaurants can sustain everyday low prices, but that Toing will not go to zero commission (Singh, 2026). Typical commissions at Swiggy and Zomato are reported at 18–30% (Singh, 2026). Management also claims a differentiated last-mile and unit-economics proposition, and said Swiggy exited the micro-kitchen model four to five months before the August 2026 call because it was expensive to build, required different expertise and had uncertain economics (Singh, 2026). The Q1 FY27 deck reportedly says Toing over-indexes on "belly and tail" restaurants relative to the main marketplace (Multibagg, 2026), which implies smaller or less-visible outlets gain volume they would not otherwise capture.

5.5 Monetisation

Management states that Toing would be monetised through flat consumer fees, higher advertising placements and lower restaurant take rates (Singh, 2026). In value-capture terms, Toing swaps a high-margin percentage take for a

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fee-plus-advertising stack, betting on volume.

6. Economic Evaluation

6.1 Market expansion or cannibalisation? (RQ2)

Swiggy's strongest claim is expansion. Management said about two in three Toing users are new, with the rest dormant, and that roughly 70% of Swiggy's users transact less than once a month, with affordability the biggest barrier (Singh, 2026). The company projects that Toing will drive 30–40% additional category expansion, unlock more than 150 million users, and lift food delivery GOV 2.5–3.5x by FY31 (Singh, 2026; Swiggy Ltd., 2026b).

These are management-reported and cannot be verified independently. A definitional ambiguity also exists: the Q1 FY27 release describes new users as "new category users," while other sources describe them as new or dormant users of Swiggy (Swiggy Ltd., 2026a; Multibagg, 2026). Someone new to Swiggy may already use another platform. This distinction matters because the cannibalisation risk is real: customers who would have paid flagship fees may migrate to the cheaper app.

6.2 Unit economics at low order values (RQ3)

The central economic challenge is that the cost of a last-mile delivery does not fall proportionally with basket size. Eternal's co-founder argued in his shareholder letter that, at ₹50–150 price points, food delivery cannot work without supply-chain innovation, and that Toing and Ownly offer the same restaurants, similar or longer delivery times and lower prices funded by lower commissions and fees (Singh, 2026).

To illustrate the mechanics, Table 1 uses **hypothetical** parameters (not Swiggy's actual figures): a fixed last-mile cost of ₹40 per order, a 20% commission on a standard platform, a 12% commission on a Toing-style model, a flat ₹12 customer fee, ₹5 of ad income per Toing order, and a zero-commission model funded by a ₹30 customer delivery fee. GST, discounts, payment costs and overheads are ignored.

Table 1. Illustrative contribution per order (₹, hypothetical)

Model	Revenue at AOV ₹150	Contribution at ₹150	Revenue at AOV ₹300	Contribution at ₹300
Standard (20% commission + ₹12 fee)	42	+2	72	+32
Toing-style (12% + ₹12 fee + ₹5 ads)	35	−5	53	+13
Zero-commission (₹30 delivery fee)	30	−10	30	−10

In this stylised setting, break-even basket size is about ₹140 for the standard model and about ₹192 for the Toing-style model. The point is not the exact numbers but the direction: lowering the commission raises the basket size, order frequency or ad yield needed to break even, and a flat-fee model cannot scale with basket value. This is consistent with Emkay Global's caution that there is a use case for such a platform but costs must be managed to attain profitability (Singh, 2026).

6.3 A two-sided pricing reading (RQ1)

Through the Rochet–Tirole lens, Toing re-balances the price structure. Restaurants face lower commissions (cost relief); consumers face lower and simpler fees; and the platform leans more on advertising and volume. This is a cross-subsidy only if the flagship app's fee-rich orders fund Toing's thinner margins, which Swiggy's disclosures neither confirm nor rule out.

It is also a form of market segmentation through product versioning. A separate app acts as a fence: price-sensitive users self-select into Toing, while less price-sensitive users stay on the flagship with higher fees. This allows

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differential pricing without publicly cutting flagship prices, but it works only if the segments remain distinct. Evidence of migration from the flagship would erode the strategy's logic.

6.4 Competition and the commission debate

Swiggy's food marketplace CEO called zero-commission models a marketing gimmick, arguing that someone must pay for the platform and that the burden shifts to consumers (higher fees) or delivery partners (lower payouts) (Singh, 2026). Rapido's Ownly shows how rivals frame the same issue differently. During its pilot, the proposed structure of ₹25 per order under ₹400 and ₹50 above implied effective restaurant costs of roughly 8–15%, against 16–30% at incumbents (AFAQS, 2025). Ownly later moved to a pure zero-commission pitch, which MediaNama (2026) said leaves unanswered how the company will monetise without eventually adopting commissions.

Both sides therefore make credible but unproven claims. Swiggy argues zero-commission is unsustainable and that Toing's lower-but-positive commission is a middle path; Eternal argues Toing's traction is "purely price-driven" and that no new use case is unlocked; and Rapido argues restaurants should retain more of each order. The outcome will be decided by data on retention and contribution margin that is not yet public.

6.5 Financial context

Toing sits inside a business that is profitable at the segment level but facing margin pressure. Swiggy's food delivery adjusted EBITDA margin dipped to 3.1% of GOV (Inc42, 2026b), and CLSA downgraded the stock to Hold, saying the food delivery business underperformed expectations (Inc42, 2026b). On the other hand, Swiggy targets about ₹5,000 crore of food delivery adjusted EBITDA by FY31, roughly five times the current run-rate (Swiggy Ltd., 2026b). Reaching that target depends heavily on Toing-led growth, which concentrates strategic risk on a product with limited public financial disclosure.

6.6 Stakeholder effects

- **Consumers:** lower all-in prices and clearer bills, but fee structures have changed over time and may change again.
- **Restaurants:** lower commissions and access to new demand, particularly for smaller outlets, but reduced menu prices may squeeze margins if costs are not offset by volume.
- **Delivery partners:** low basket sizes limit per-order economics; Swiggy's own argument is that cost pressure falls on this group if restaurants pay nothing (Singh, 2026). Partner earnings on Toing are not disclosed.
- **Platform:** gains reach and retention among dormant users, at the risk of cannibalisation and thinner margins.

7. Discussion

7.1 Answers to the research questions

RQ1 (value creation and capture). Toing creates value through menu-price parity, simpler fees and a price-point-led interface, and captures it through a flat fee, advertising and a reduced commission. It differs from the flagship primarily in *who pays what*, not in the restaurants offered.

RQ2 (expansion vs cannibalisation). Management-reported data indicate expansion among new and dormant users, but the claim is unaudited and definitions vary. Cannibalisation cannot be ruled out without cohort data.

RQ3 (conditions for sustainability). Sustainability requires some combination of larger baskets (combos, add-ons), higher order frequency, advertising yield, and lower per-order logistics cost through density. Without these, thinner commissions mechanically raise the break-even basket size.

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7.2 Strengths and risks

Strengths	Risks
Targets a large, under-penetrated segment (infrequent users)	Toing-specific profitability undisclosed
Separate app limits flagship price erosion	Possible migration from higher-fee flagship orders
Uses existing restaurant base and logistics network	Fixed last-mile cost at ₹50–150 baskets
Lower commission appeals to smaller restaurants	Zero-commission rivals may reset restaurant expectations
Aligns with FY31 growth narrative and category expansion thesis	Fee structure changes can erode the "honest pricing" promise

7.3 Policy relevance

The debate about platform fees and pricing is also a regulatory theme. A complaint against Zomato over platform fees and pricing was reportedly dismissed by the Competition Commission of India in July 2026 (per a related-story headline on MediaNama; the order itself was not reviewed), which suggests fee structures draw scrutiny but no adverse finding was reported. This paper does not assess legal questions.

8. Conclusion

Toing is a strategically coherent response to a real affordability gap: it reframes affordability as a question of fee structure and commission design and targets users who transact rarely. The available evidence supports the plausibility of market expansion but not yet its profitability. The economics hinge on whether lower commissions can be offset by volume, advertising and logistics efficiency before competitors with zero-commission or hyper-local models alter the cost expectations of restaurants and consumers.

Implications. For Swiggy, clearer disclosure of Toing cohort retention, order frequency and contribution margin would help investors and researchers evaluate the thesis. For restaurants, the key trade-off is lower commission against lower menu prices. For regulators, consistent fee transparency across apps of the same company is a relevant consumer-protection question.

Limitations. The study relies on secondary and management-reported data, uses hypothetical parameters in its unit-economics illustration, and captures a fast-moving situation as of October 2026.

Future research. Primary studies could survey Toing users on substitution and frequency, collect order-level price comparisons across apps and cities, interview restaurant owners on realised margins, and estimate delivery-partner earnings per order.

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