

Revenue boom of Online Food delivery industry amidst Pandemic: Evidence from the Philippines

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Abstract: - Eating out in our favorite restaurants is one of the things we enjoy doing. It can be our way of connecting to others, try some new dishes, and celebrating important events with family and friends. Although dine-in is currently close as preventive measures to the COVID-19 virus, they can still operate take-out or delivery option so that people can still order their favorite comfort food and eat at home style. The health crisis brought by the novel coronavirus force millions of people to stay at home, food delivery demand has risen to prominence. According to StockApps.com, globally the online food delivery market is expected to hit \$151.5bn in revenue and 1.6bn users in 2021. It is expected to reach almost two billion globally in the next three years. Consumers turned to online food delivery as alternative to buy in stores and restaurants. The online food delivery is keeping the food industry alive, by trying to mitigate food business from shutting down.

Key Words: — *coronavirus, delivery, dine-in, comfort.*

I. INTRODUCTION

The COVID-19 pandemic poses threat to most businesses and the global economy. The Philippines is no exception. Early last year 16th March 2020 following the increase in the number of confirmed COVID-19 cases throughout the country. A strict home quarantine has been observed during the ECQ; hence movements are extremely limited, only those private essential establishment providing necessities shall remain operational, and the rest are close for business while the government lockdown is implemented.

The food delivery service made its mark crucial during this global pandemic situation, it is the foremost savior of the food industry. A little history about the food delivery beginning was first recorded from Italy in 1889, this is when King Umberto and Queen Margherita called upon chef Raffaele Esposito to deliver pizza to them at their palace in Naples. After that in 1890, an Indian named Mahadeo havaji Bachche also introduce and develop a company for delivering home-cooked lunches to workers within the city of Mumbai. This idea is called *dabbawala* food delivery, *dabba* means a round metal box used to transport hot food either from home or from restaurant,

or either to a person's place of work, and up to today there are about 5,000 of them in India are still active food delivery dabbawalas to deliver over 200,000 lunchboxes to workers across the country. In the US, the food delivery set its foot in 1950's, many of the middle-class American enjoys stay at home to watch TV and eat at home. Restaurant started to lose business; In turn they offer delivery service to adapt to the middle-class lifestyle which they also use the Television to advertise their menus. According to Time and the New York Times the restaurant who adapt this change and offer delivery services boosted their sales up to 50%.

In 2010 the first local service delivery was developed which allow consumer to order online or hotline from various restaurant in Metro Manila, However, it was later acquired by app-based food delivery service Z company which arrived in 2014. The Mi Company branched out into food delivery in 2018, while the youngest online delivery apps arrive in 2019.

II. STATEMENT OF THE PROBLEM

The food delivery business is an independent company that delivers food to customer's right at their doorstep. Because food is essential, therefore food delivery is in demand to keep consumer stay at home while enjoying their favorite food. During the pre Covid-19 days there are sufficient food delivery companies, however when lockdown restrictions is imposed demand has double or even more.

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While many restaurants and fast-food chains worldwide are hit by the pandemic, the convenience in ordering food via online food delivery apps has helped alleviate the revenue situation of the food & beverage industry.

This study is to enlighten how significant is the food delivery service in aiding the food establishments to adapt to the “new normal”, expanding take-away and delivery services, and in accelerating sales utilizing digital channels.

III. CAUSES OF THE PROBLEM

A. *Pandemic Food Sanitation and Protocols*

More than a year had pass since the World Health Organization declared COVID-19 a pandemic. People are still confined at home, aged below 18 years old and 65 years old above are strictly banned from going out since they are high risk in contracting the novel coronavirus. In general, people are mandated to stay at home while the state is under community quarantine. All companies shift to work-from home set up. Thus, this hit the food industry from banning people avail food from restaurants, food chains inside the malls. Growing food delivery companies had partnered with many food establishments during pandemic and together with charging minimal service fees brought the convenience of buying lunch, snacks and or food packs delivered to your doorstep.

B. *Demand and Supply*

Internet penetration in the Philippines stood at 67% in January 2021. Thus, quick access on gadgets, smartphones, easy payment, and simplified banking system result to increase in online food delivery orders and purchases. Food delivery companies are collecting minimal delivery fees for transportation and convenience cost. The fees collected are reasonable enough to cover the rider fuel and its miscellaneous expenses. In most, cases the actual transportation fare is even more expensive when you personally buy to the mall or restaurant to pick up your order, thus this will also endanger your health risks and heighten possible chances of contracting the virus.

C. *Labor Issues*

The growing demand of food delivery apps explodes the revenue of the industry during this pandemic. The companies hire and employ delivery app riders which is categorize as independent contractors or consider these riders as their business partners. Hence employers are exempted to provide minimum wages, healthcare benefits and other working

conditions. Thus, labor unions are calling the government to review the current labor standards for delivery riders considered as front liners who had really played an important role during this pandemic.

IV. COURSES OF ACTION

The pandemic is not slowing down, according to reports it is accelerating in many countries. While People are stuck at home, they turn to ordering online for their lunch packs, snacks and or simply food cravings with just a few clicks in their gadgets, smartphones, and laptop they can just have their food deliver in their homes. Thus, these companies with growing demand and competition in the industry needs to invest in upgrading and enhance their services offered. Innovation with new technologies like deep learning and machine learning is one good digital transformation they can do. The food delivery companies also need to prioritize a secure and simplified payment methods. Easy, secure payments online will gain huge trust from consumers.

The digital technology enables the food delivery companies to efficiently accommodate high volume of orders. Since the market is extremely competitive and there are many new companies in the food delivery industry, maintaining brand loyalty user experience is particularly important to keep consumers within its fold.

As the competition is evident affecting its operational growth, the food delivery companies will have to invest and turn its focus to Research and Development to develop, integrate the latest trends and recent IT applications in the food delivery industry, to bolster and sustain their competitiveness.

The Mi Company is the most popular food delivery apps in the Philippines, they operate 24/7 in most areas in NCR and NCR plus region. They are known for their speed and less delivery time since only caters and recommend restaurants near you. But recently they have added long-distance delivery to be able to generate greater network, thus accommodating high volume of customers.

V. CONCLUSION

The COVID-19 health crisis had made many restaurants and fast-food chains close for business. However, some only shut down their dine-in service but remains open for drive-thru and delivery services. The market for online food delivery services had tripled its revenue last year. Mi Company is one of the

leading food delivery company in Asia Pacific that reported the company's net revenue increase by 70% in 2020. In addition, they have also achieved their growth and profitability targets.

While in the middle of the pandemic, consumers turned to e-commerce technology from physical to online purchases. People also realized how easy it was to get their food delivered to their homes without risking health safety. Technology innovation will play a huge part in sustaining the food delivery industry by adapting to the growing demand of consumers.

VI. RECOMMENDATION

The food delivery industry is rapidly experiencing growth in revenue globally. Online food delivery is heaven's answer to restaurant and food chain business during this pandemic, so they have easily adapted to health and safety measures.

Technological innovations like deep and machine learning have continuously transformed to make its apps easier to use by consumers. The food delivery companies will have to improve its payment channels to secure online payments from fraudulent activities, thus this will assure customers to avail of contactless payment modes.

Investing to research and development will keep the food delivery companies abreast to recent trends in IT applications in the food delivery industry. User experience is incredibly relevant to gain consumer trust and loyalty.

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