

Online Food Delivery- A Solution for Upsurging Restaurant Business

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Abstract

The Online Food Delivery Service offered by third-party food delivery companies has played an inevitable role in the growth and revenue of the restaurant food business. Through this service, along with serving foods to dine-in consumers, the restaurants can earn income by delivering food to customers at their doorstep. Under this study, the major objectives are to describe the evolution and background of online food delivery service and to examine the chief reasons behind the preference of online food delivery business by restaurants. The study concluded that the restaurants choose online food delivery businesses of third-party food delivery companies as a solution for several problems which they have faced while doing their business. There is a reduction in the number of dine-in customers, reduction in revenue and profit, limited seating capacity, lack of popularity, limited marketing space for doing business and the absence of new business opportunities. The study also illustrates major innovations that took place in the space of the food delivery segment, which includes the Restaurant to Consumer Model, Platform to Consumer Model and Full Stack Model of Food Delivery.

Keywords: Online Food Delivery Service, Restaurant, Consumer, Third-party Food Delivery Companies, Food Delivery Models, Public Dining Room, Fine Dining Restaurants

Introduction

Food plays an important position in the life of people and is an essential element required for everyone to survive. With the increasing change in trend and fashion in today's world, food has become one of the major components used to define one's lifestyle and standards. It keeps the wolf from the door and thereby saves people from hunger. In today's world, deciding what to eat is an essential part of a person's daily routine.

During the period of digital transmission, industries started to gain the advantage of

technology, and as a result, the volume of job opportunities has recorded a substantial jump. (Singh, 2018) A large number of people have begun to leave their homes for work in other cities, and it forced them to depend on restaurants for food. Thereafter, there emerged multiple food joints, cafes and restaurants established in each and every city to offer a variety of dishes to their customers. After several years, with the increase in population, it is realised that the earnings of a single person in a particular family can't satisfy the complete needs of the remaining members of the family

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and therefore, women had to come ahead in the workplace for providing financial support to their lineage. This situation made cooking at home really a challenge and indeed, it increased the footprints in restaurants.

When the number of customers at restaurants is abundant, it becomes the responsibility of restaurants to provide convenience as well as effortless service and gratification to their customers. To satisfy that demand, restaurants adopted digital technologies and started the business of online food delivery. It bridges the gap between restaurants and consumers. (Shankar, 2022). The service helps to scale down the hassles faced by customers and restaurants in this hectic world and opens a way to afford a large volume of customers through offline and online modes. It helps restaurants to optimize and control over their restaurants. From the management point of view, the manager gets the ability to control restaurants by having all the reports on hand. This service helps the restaurants to do all functionalities more accurately and in a faster way (Manju, 2019). Online food delivery business can lead to the growth of restaurant business from time to time. (Leong, 2016)

According to Eastern Daylight Time, 2021, in India, online food delivery service is going through a revolutionary phase. This market has shown huge prospects and attracted large investments in recent years (L Charlene, 2020). According to the report titled 'Digital Platforms Reign in the Food Ordering Market' published by Market Research Future, a Business Consultancy Firm, the Indian online food ordering market is slated to grow at a compound annual growth rate of 16.2 per cent at dollar 17.02 billion by 2023.

Worldwide online food delivery is becoming increasingly well accepted and embraced by young adults and nowhere this trend is more evident than in China. A survey conducted in 2019 with 1000 university students in Nanjing revealed that at least 71.45 per cent of them had used online food delivery for at least two years and 85.1 percent of them use online food delivery for buying restaurant food more than once a week. (Miroso, 2020)

Statement of the problem

From the very beginning of the 20th century, with the increasing cost of living, it had been an economic necessity for many women to work in order to support their families. Long working hours and intense competition in the workplace put both men and women under pressure and it makes cooking really a difficult task. Therefore they largely depended on restaurants for their food requirements. But the problem is that managing a large number of customers at restaurants is a very complex and time-consuming activity. Besides this, in order to accommodate the increased number of working populace, the restaurant owners need to spend huge amounts of capital outlay. Inefficient management systems and restricted marketing space for restaurants also limit the scope of restaurants from accommodating substantial footprints.

The online food delivery business broke its ice in the midst of the 20th century when a technological disruption took place in the restaurant industry across the world. The business was developed to make the restaurant industry more profitable by addressing these shortcomings. With the help of online food delivery services, the restaurants can amplify the number of footprints and, at the same time, can help to reduce the increased workload of employees. It can save extra costs associated with land and high rentals and can accommodate a high volume of customers without much modifications, such as creating further infrastructure facilities and seating capacities. It also provides an opportunity to get along with the restaurants through apps and websites.

Significance of the Study

Online food delivery is a service that acts as a chain connected with various restaurants and a wide variety of food items. With the help of this service, users can choose a restaurant of their choice and can go through all the food items which the restaurants provide. Then they can select foods and have to proceed to payment. The food is being delivered by executives of popular delivery entities who leave their brands with an everlasting

impression of convenience, efficiency and ease of use to the customers. By switching to the modern technological approach, the restaurateurs are actually free from the burden of inventing capital or huge amounts of money for guest sitting and arrangements, and they are also free from the burden of providing infrastructure facilities to the customers in restaurants. Small-sized restaurants having limited seating capacity can really enjoy the service of food delivery which helps them to retain their customers and increase the sales volume of business.

Objectives of the Study

İ% To study the background of online food delivery service.

İ% To study major innovations that took place in the food delivery segment.

İ% To analyse major reasons for the preference of online food delivery services (Zomato) by the restaurants.

Research Methodology

The study is both descriptive and analytical in nature. Both primary and secondary data were used in this study. Primary data were collected through scheduled questionnaires and the samples were selected from the population based on randomness. The size of the population is 500 (Total number of restaurants which use the services of online food delivery offered by Zomato). The scope of the study is confirmed to Thiruvananthapuram district and 100 restaurants which use the online food delivery service of Zomato were selected as samples from the population. Secondary data were collected from journals, articles and websites.

Restaurants

Restaurants or eateries are businesses that prepare and serve food and drinks to customers (*Santornichicago.com*). These are a form of establishments where refreshment or meal may be procured by the public and hence it is called Public Dining Rooms (PDRs). The word restaurant comes from the French verb

‘restaurer’, which means ‘to restore’ or ‘to refresh’ (Hotel, 2017). According to the English Oxford Dictionary, Restaurant is a place where people pay to sit and eat meals that are cooked and served on the premises.

Evolution of Restaurants

The concept of dining out had conquered the minds of people worldwide before the 80s with the introduction of inns, taverns and street kitchens. But the idea of modern restaurants where people can come in and sit, order items or dishes they want from the menu list and eat and pay for the services is considered a new invention which came into existence at the end of 18th century in France. Thus in 1765, a soup salesman named Boulanger opened the first modern restaurant in Paris, dealing with rich broths capable of restoring one’s health. His company motto was ‘Venite ad me Omnes Qui Stomacholaboratiset egovosrestaurabo,’ which translates as ‘come to me all who suffer from stomach pain, and I will restore you.’ (Merriam Webster, n.d).

The Fine Dining Restaurants (FDRs) originated after the French Revolution, where the chefs who used to cook for the elite class became jobless because of the fall of aristocracy. Thereupon, the problem of unemployment on the part of chefs caused several issues and thus, they started to open restaurants by themselves to cater to the needs of wealthy people consisting of the working class. They developed a royal dining experience in which the main focus was on wealthy people and this was the beginning of a new model that we call today as Fine Dining Restaurants. The changes in human life followed by war created the need for restaurant ancestors to develop innovative restaurant models and thereby shape the industry as one of the world’s biggest industries today.

Online Food Delivery Service (OFDS)

Online Food Delivery Service is a form of courier service in which customers order food from a restaurant, hotel or an independent food delivery company and they deliver food to them wherever they want. In this service, customers

can typically make an order either through a website or a specially designed food delivery app and then the food is delivered to them to their declared location. The items are typically delivered in boxes or bags by using bikes and motorized scooters.

Background of Online Food Delivery Service

The concept of food delivery was actually born in the year 1889 in Italy, where the king Humberto and queen Margherita demanded to have pizza delivered to them. It was delivered by their chef on the basis of their needs and tastes. After that, the service was followed by common people in that country (Tech, 2021).

Later, in 1890, while under British Rule, there was a system called Dabbawala Meal Delivery System (DMDS), which was developed by India in busy metropolitan areas such as Mumbai for Direct delivery of lunch or meals to people at their place of work. This system has purely relied on delivery men called Dabbawalas since they formed as a group for the successful operations of food delivery and controlled the entire aspects of the food delivery service. Eventually, the service was expanded to more regions within and outside India.

In the midst of the 19th century, which was characterized by World War II in London, in order to ensure the wellness of people, the government enlisted chefs and volunteers to deliver meals. Even after the war, this service continued to help people to get back on their feet. Subsequently, this idea has become so popular and it quickly diffused to other nations like the United States and Australia.

After this, with the introduction of television during the 90s, people were more likely to stay home and enjoy meals together while watching their favourite shows. As a result, restaurants were seeing a steady decline in their sales. In order to combat their declining trade, many restaurants introduced takeaway options. In the same year, in response to a deep economic decline, Doris Taylor, a member of the British Empire looked for the disadvantaged and home-bound by providing hot meals. Thus August 9, 1954 was a red-letter day for them in which the volunteers consisting of 11

members delivered the first meals to 8 recipients. Over the years, meals on wheels have grown to thousands of volunteers and many countries have followed this model of food delivery. During 1960, the concept of a food truck, formerly nicknamed as 'Roach Coaches' began as a way to provide convenient meals and snacks to workers on their job sites. Due to much lower start-up costs, opening a food truck is an excellent way for aspiring restaurant owners to get started.

In 2004 the food delivery sector was captured by new players or food delivery companies. They provide logistical services both for restaurants and customers. As a result, restaurants that may have previously offered to dine-in or take-out options by themselves can now deliver foods directly to the customer's home or office through food delivery platforms. The concept of food delivery by restaurants was not much popular in earlier times because of the absence of digital networks. During the non-digital era, customers mostly preferred the purchase of food items whatever they wanted from restaurants. It requires too much time and the customer has to bear travelling expenses by themselves along with the food costs. Above all, the physical presence of the customer is the first and foremost factor which is essential in this traditional model. After the invention of mobile phones, it was possible to order food through phone calls and it minimized the role of customers as compared to the traditional model of food delivery.

The introduction of the internet in the 90s penetrated the restaurant sector and brought forth several innovations. The restaurant sector has made a huge change in which restaurants have started to focus more on food delivery than food serving. By switching to the modern technology equipped with high-speed internet and usage of smartphones, online food ordering began overtaking phone ordering and the food service industry has seen the advent of online food delivery services. It provides cost-effective services to customers and also helps the restaurants to increase their sales from lower levels. Now, people across the globe are enjoying a new comfort zone because of

technically developed online food delivery services.

Innovations in Food Delivery Services

With the huge advent of young professionals, including both men and women, into cities, the online food delivery sector has shown a green signal towards growth. Depending upon the nature and process involved, the food delivery services are classified as Restaurant to Consumer Model (R2C), Platform to Consumer Model (P2C), Full-Stack Food Delivery Model (FSFD) and Dabbawala System.

Restaurant to Consumer Model of Food Delivery

In the Restaurant to Consumer Model (R2C) of food delivery, restaurants started out serving food via their own locations. Food is delivered through direct contact between restaurant partners and customers. This type of food delivery business does not work with any of the third parties of the kind of food delivery companies. Instead, they have their own cooks and networks to prepare everything in restaurants and then deliver it to customers. The most famous examples of restaurant-to-consumer food delivery models include the likes of McDonalds, Burger King and Domino's.

Platform to Consumer Model of Food Delivery

Platform to Consumer Model (P2C) of food delivery is an impoverishment of the Restaurant to Consumer Model. In this model, food is normally delivered through applications and websites developed by third parties or delivery companies which list out the names of restaurants close to the customers' proximity. It is purely an order-focused food delivery model where customers can order food from restaurants through these apps or websites and the food being delivered by the driver of the platform. This model acts as a mediator between customers and local restaurants, offering access to various cuisines through a single website or smartphone application. Using applications, people can check out menus

and compare prices, see restaurant reviews and ratings and can place orders. For restaurants, partnerships with this type of platform can be beneficial, allowing them to offer convenient delivery without having to worry about paying drivers, tracking their movements and covering the costs of vehicle maintenance. Restaurants can instead focus on more important things, such as improving their services.

Platform to Consumer Model of food delivery is the modernisation of the restaurant-to-consumer model because instead of delivering food directly by restaurants, here the food delivery platforms make partnerships with the restaurants and thereby carry out the services of food delivery to the customers. They developed their own apps and websites and thereby connected people with restaurants. The first platform for consumer food delivery service began across the globe in 1995 in the United States as a worldwide waiter and still operates today as waiter.com. Major platforms for consumer food delivery services in the State of Kerala are Swiggy and Zomato.

Full-Stack Model of Food Delivery

This type of food delivery business focuses mainly on mere delivery service. It does not allow customers to dine in at the restaurant as it is established mainly for delivering foods to the customers. These types of businesses are commonly called virtual restaurants, ghost kitchens or cloud kitchens. As a delivery-only model, it requires massive funds for its operation. But once it comes up to a certain level, then it can get on with the food delivery business. Delivery of homemade foods through online platforms also comes under the purview of the full stack model. Under this model, major control regarding the food experience of customers, from ingredients, hygiene, and packaging up to its pick up is held with the hands of food stack players. Fixing up delivery fees and adding up special features are left in the hands of full stack players or partners.

Dabbawala System

Dabbawala System, also called Tiffin Box Delivery System, is a form of food delivery and return service which offers hot and fresh meals to people who are in need. The service is mainly focused on home-cooked lunches, especially at noon. In this model of food delivery, the delivery boys called Dabbawalas picked up ‘dabbas’ in the late morning and delivered them to customers by using bicycles or railway services and returned the empty container in the afternoon. The term Dabbawala is derived from the two Persian words Dabba refers to a container that is made up of aluminium or cylindrical tin, and Wala means the rider or carrier of the Dabba. In the late 1800s, an increasing number of migrants were migrating to various parts of the country, and fast food and canteens were not widely available. These migrants are from other communities, and as a result, their tastes also differed, which could only be satisfied by their own home-cooked

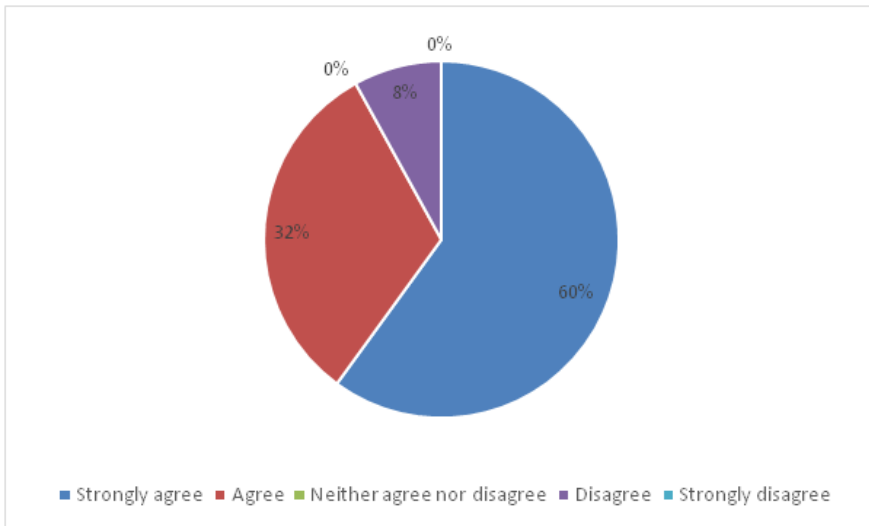
meals.

In this context, a Parsi banker named Mahadeo HavajiBachcheinitiated a lunch delivery service in Bombay in the year 1890 with about a hundred men. This proved to be successful, and the service grew from there. In 1930, he informally attempted to unionize the Dabbawalas. Later, a charitable trust was registered in 1956 under the name of Nutan Tiffin Box Suppliers Trust. The commercial arm of this trust was registered in 1968 as Mumbai Tiffin Box Suppliers Association.

Reasons to Prefer Online Food Delivery Service by Restaurants

As a solution to various problems faced by restaurateurs, they choose Online Food Delivery Service along with their existing restaurant business. Here are various reasons for which the restaurants in Thiruvananthapuram district prefer online food delivery services.

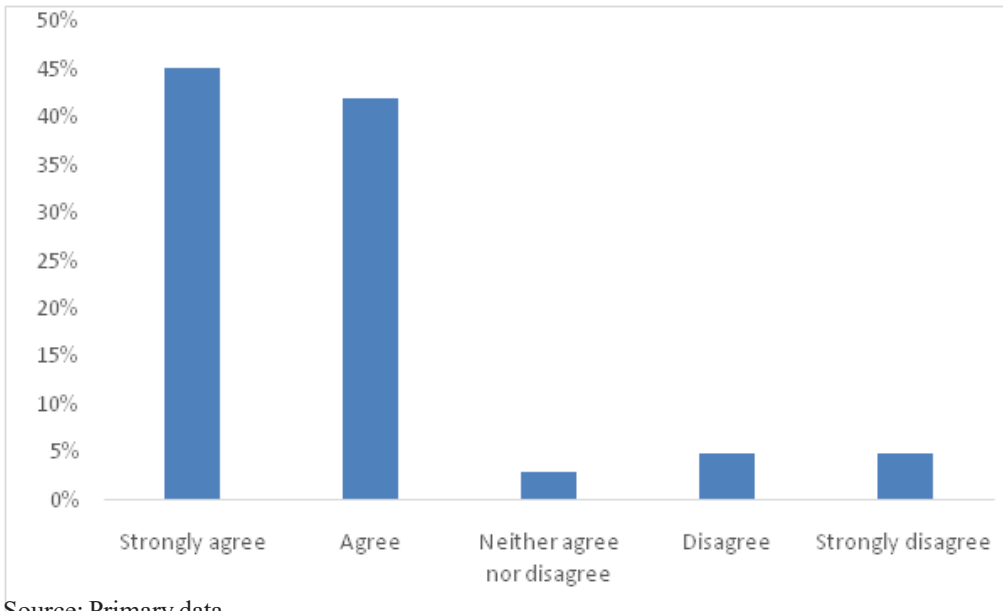
Figure 1 - Reduction in the number of dine-in customers



Source: Primary Data

Figure 1 shows that a reduction in the number of dine-in customers is one of the major reasons behind the adoption of online food delivery services in restaurants. A large portion of restaurants agrees with this point strongly.

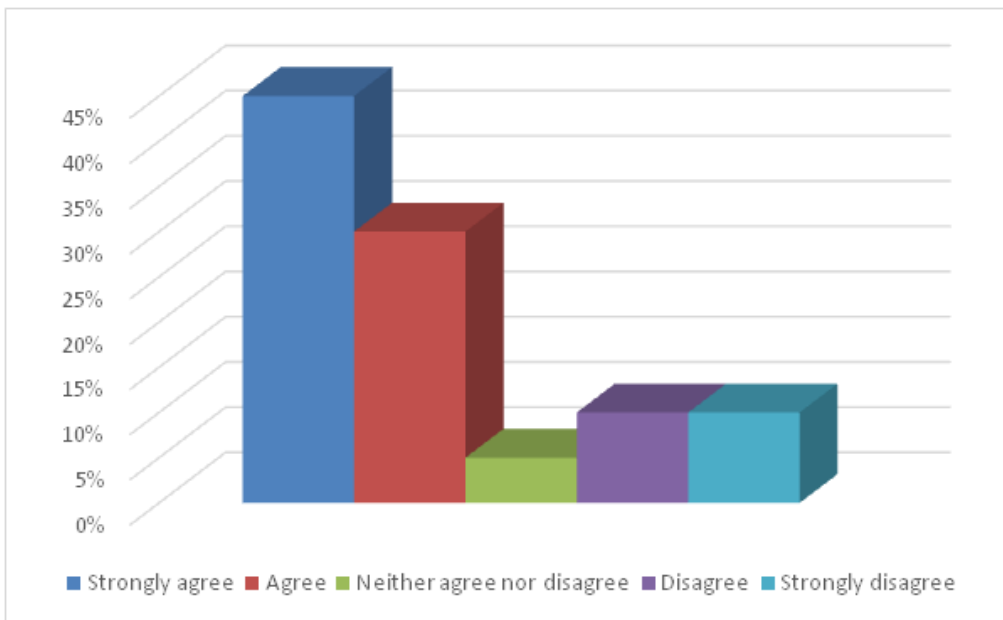
Figure 2:Lack of Popularity



Source: Primary data

It shows that online food delivery service is a major fact that adds popularity to the restaurants; thereby, they can expand their restaurant business to large area.

Figure 3: Low income and profit

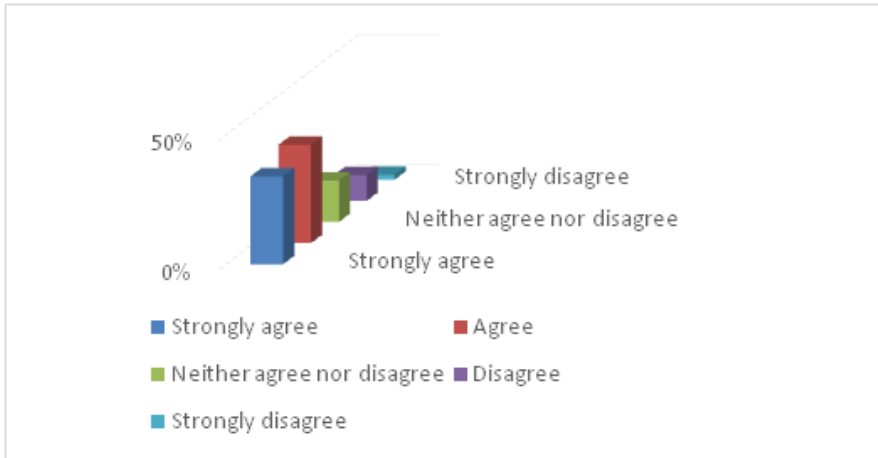


Source: Primary Data

As per the figure 3 it is stated that most of the restaurants continue to face low income and profit in their restaurant business. In order to get rid of this problem and also as a solution, they

prefer online food delivery services. It helps them to get extra sales and thereby earn more revenue and profit.

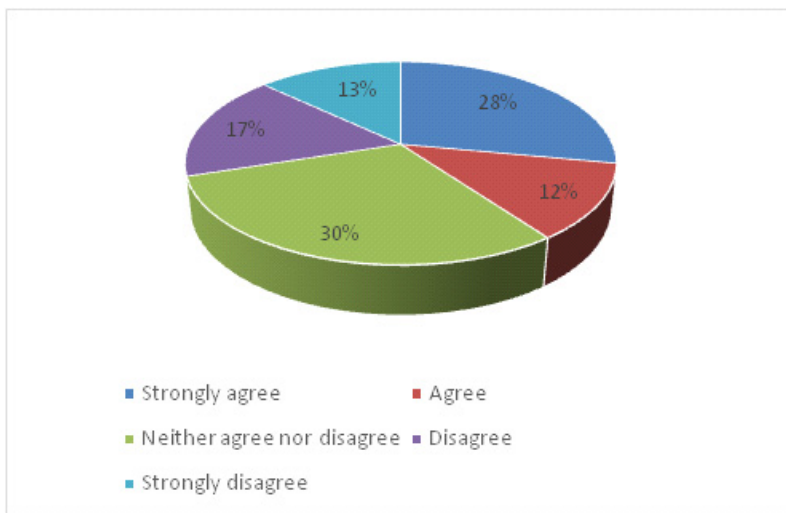
Figure 4: Absence of new business opportunities



Source: Primary data

Figure 4 shows, that restaurants join with online food delivery service because they lack new business opportunities. Most of the restaurants are in the opinion that food delivery through digital route helps them to create new ways to expand their business and build a good future to restaurateurs.

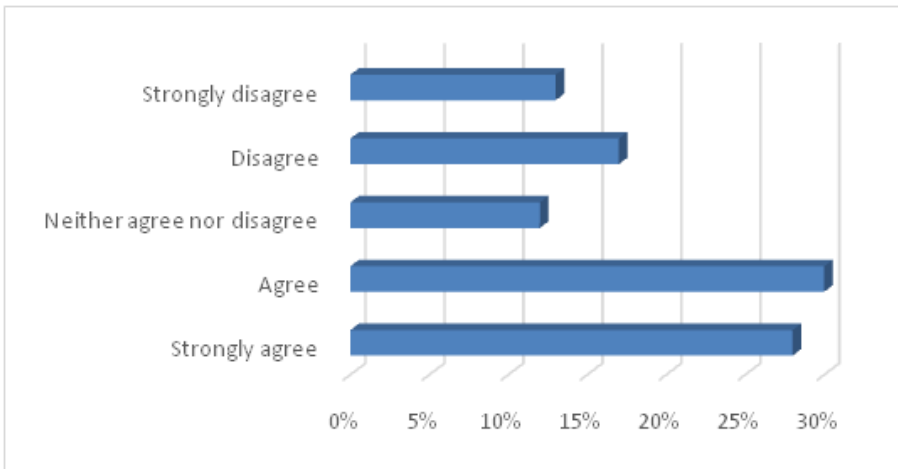
Figure 5: Lack of fund for expansion



Source: Primary Data

Figure 5 stated that the restaurants which have no funds for expansion could choose online food delivery service as a better option to expand their business. Because online food delivery never demands an additional physical place for doing business.

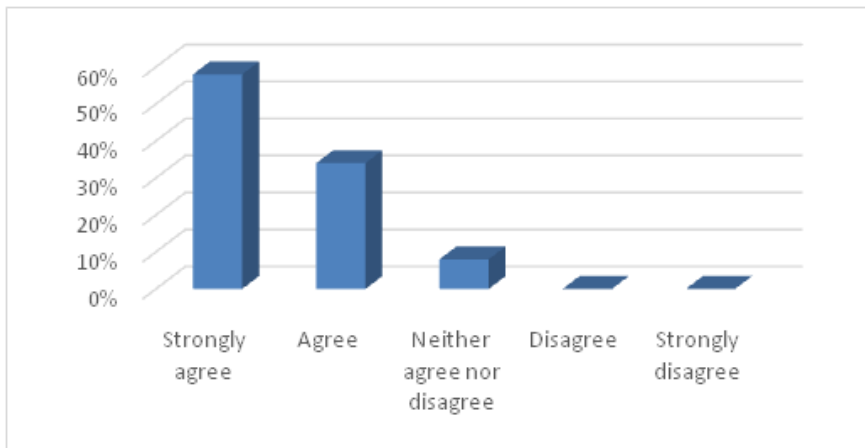
Figure 6: Lack of seating capacity at the restaurant



Source: Primary Data

This table reported that most of restaurants prefer online food delivery services as a means of increasing their number of customers by eliminating the problem of lack of seating capacity at the restaurant. Only small portion of restaurants strongly disagrees with this point.

Figure 7: Limited marketing space at the restaurant



Source: Primary Data

This figure reveals that offline restaurant business has limited marketing space for doing their business. But online food delivery service helps them to provide wide scope for marketing thereby, they can earn more sales and revenue.

Conclusion

This paper documents an outline regarding online food delivery service consists of its

history and evolution. As per the study, wide penetration of the internet and mobile phones have enabled the restaurants to summate online services along with its existing restaurant business. The immense use of the internet in the food delivery segment also created different food delivery models for enhancing restaurant businesses.

The article also highlighted major reasons for which the restaurants in Thiruvananthapuram district prefer online food delivery services for managing restaurant businesses. With the study, it is clear that the chief reasons for the selection of Online Food Delivery Service by restaurants are reduction in the number of dine-in customers at restaurants, Non-availability of sufficient income and profit from existing business, limited seating capacity in small-sized restaurants, brimmed marketing space to run a restaurant business and lack of popularity of restaurants. In addition to this, the restaurants which lack huge funds for expansion also choose this service as a golden opportunity to increase their business and sales.

By focusing on the article, the study concluded that online food delivery services could act as a solution to several problems faced by restaurants while doing their existing restaurant business.

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