

Food Delivery Services in the New Normal: A Comparative Analysis of the Different Service Providers in the Philippines

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Abstract – This study deals with the food delivery services in the new normal of the 3 key popular players of the industry in the Philippines – Grab Food, Food Panda, and Angkas Food. It compares their respective overall business strategy and other important parameters in delivering the services. It developed a solid framework to bridge the gap between the different frameworks and business strategies of each player. To do the comparison and analysis, it uses qualitative research methods and secondary data with the descriptive and cross-sectional type of research to compare the variables used. The study shows that there were 4 aspects that need to be improved to make the services more efficient and reliable, especially in this pandemic situation. Those were delivery time, payment facility, food security, and handling of delivery personnel behavior.

Keywords – delivery services, food delivery, Angkas Food, Grab Food, Food Panda.

I. INTRODUCTION

THE idea of food conveyance administration can be traced way back to the Ancient Rome in the mid-753 B.C. – 476 A.D. Ancient Romans bought ready-to-eat foods in stores called Thermopolium which is like the eateries often seen around [1]. They served food at a counter with huge earth pots that kept the food hot, similar to eateries display food today. With the development of present-day innovation, there were been plenty of changes in food conveyance administrations over the late years. Most popular eateries have introduced toll-free numbers so clients can call without incurring charges. Additionally, customers greatly appreciate the concept of free food delivery. This demonstrates that food conveyance administrations assume a significant part in the advancement of the food and café industry. The high level of competition among various players has been identified as a key factor influencing customer interest [1].

Today, any eatery can practically be reached with a couple of taps on an application on the phone like

Twitter and Facebook Messenger. While many cafés have developed in-house delivery systems in recent years, new services continue to emerge, making the process even more convenient. In 2010, nearby conveyance administration City Delivery which permitted individuals to arrange by means of a hotline or online from many cafés in Metro Manila was dispatched [2]. The platform was acquired by the application-based food delivery service Food Panda in 2014. In 2018, Grab entered the food delivery market with Grab Food. The newest application-based delivery service, Lala Food, launched in 2019. The accomplishment of food conveyance focuses on our requirement for accommodation and sustenance—two extremely human longings that they can fortunately satisfy [1].

This study assesses the frameworks and business strategies of each food delivery service player and compares each other to reveal the gaps resulting in bad customer experiences. It creates a solid framework that fills the gaps between the different frameworks and business strategies of each food delivery service player, preventing a poor customer experience. The outcome of this study can be used by the food delivery service players to meet customers' expectations.

II. THE FOOD DELIVERY SERVICE

During the pandemic, the situation limited us to the things that we always to do in a normal way. The government imposed strict regulations such as wearing facemasks and face shields, limiting the number of individuals allowed to go outside in every household, bringing along with the quarantine pass and government-issued ID for proper identification, imposing intermittent lockdowns in selected areas where COVID-19 cases peak, and imposing different regulations to ensure that COVID-19 virus will not spread.

For the common public, it is not easy to go outside and buy essential goods specifically food because of the scare of contacting with the COVID-19 virus. This situation gives an opportunity for the food delivery services to make

TABLE I
Items Delivered via Courier Services

Courier	Food	Groceries	Documents	Electronics	Novelties & Toys	Clothes	Others
Lalamove	41	13	17	20	11	11	13
Grab Express	21	2	14	3	1	11	2
Angkas	3	0	1	1	0	0	1
Ninja Van	6	5	1	8	9	10	8
Transportify	3	2	0	1	0	0	0

a profit. In a study conducted by Dones and Young [2], the survey involving 120 participants showed that there was a 16.7% increase in using courier services during the pandemic as compared to pre-pandemic. According to the said study, the items frequently delivered include groceries (Table 1). Food is on top of the items being delivered followed by groceries, documents, electronics, etc. Prior to pandemic, Grab Food and Food Panda were the only well-known food delivery services nationwide. Today, LalaFood and Angkas Food have joined the industry as new players. With the services they provide, consumers can now easily order and track their food through applications accessible on personal computers and mobile phones.

A. Pros and Cons of Food Delivery Services

Delivery services during pandemic situation are very popular and in demand because people were scared to be victims of the COVID-19 virus. For this reason, many prospective entrepreneurs entered this business and tried to generate profit. For some future players who plan to venture into the business, however, it is safe to consider the pros and cons of this business before getting into the industry.

1) *Pros of Food Delivery Service*: Increased revenue opportunities. Online delivery orders increased by 20% compared to dine-in restaurant orders, compensating for reduced foot traffic due to government-imposed restrictions that limit the number of guests inside establishments. Deliveries have allowed businesses to reach clients and patrons even when physical stores are closed. This has opened up more business opportunities, as offering delivery services enables businesses to reach a wide range of clients who prefer to enjoy food in the comfort of their homes with their families. Additionally, deliveries can reduce overhead costs, allowing businesses to downscale their space to save on rent or reduce labor costs from front-of-house staff. Furthermore, delivery services provide exposure to new customers, offering opportunities to meet prospective

clients beyond regular patrons and those in the surrounding neighborhood [3].

2) *Cons of Food Delivery Service*: Limited control. Managing a delivery business, particularly in the food industry, poses challenges as the business owner does not directly handle the ordered food but relies on third-party service providers. This arrangement adds more work and complexity to the implementation process. Additionally, businesses require more manpower for delivery, especially if they cater to a wide range of clients, which can result in smaller profit margins. Furthermore, expenses increase when business owners own the delivery fleet and must cover salaries and insurance for the manpower. As a result, lower profits become noticeable. Moreover, business owners have multiple points of contact, particularly when sourcing raw materials from different suppliers for their products. The more products offered, the greater the number of points of contact required for the business [3].

B. Food Delivery Service Players

In the Philippines, food delivery service is one of the most popular, in-demand, and easy-to-venture businesses. Here are three of the most popular players in this line of business.

1) *Grab Food*: *Grab Food* is a food delivery service provider that connects people to food businesses. It has a mobile app and a website where consumers can order from their preferred restaurants. This platform can also track the orders until they reach their doorsteps. Since *Grab Food* also partners with several restaurants, it presents a wide variety of local and international food that consumers can order from the comfort of their homes [4].

2) *Food Panda*: It is one of the most popular delivery service players not only here in the Philippines but also internationally [5]. Based in Berlin, Germany, this delivery service player, like others, offers food ordering and delivery through its website and mobile app. This player was

launched in the Philippines in 2014. Since then, the brand has continuously grown with over 1,000 restaurant partners nationwide at present. This growth is driven by a dedicated group of individuals who are thinkers, problem solvers, and designers, working tirelessly to position the organization as a leader in online food ordering [5].

3) *Angkas Food*: Angkas was originally a popular ride-hailing platform for motorcycle taxis. However, the business recently entered into a new venture as a player in food delivery service. It is timely because of the pandemic situation, especially when the Enhanced Community Quarantine was imposed in the entire Luzon [2]. Same as the other players, it offers doorstep delivery while customers are waiting and tracking their orders via a mobile application or website [6]

C. Objectives of Food Delivery Service Players

In this pandemic situation, food delivery service players strategized of a way for consumers to order food without leaving the comfort of their homes. This is a win-win situation because both parties benefit from this strategy. Delivery services have added profit to the players and convenience to the consumers.

Food delivery business encounters do not frequently occur due to the lack of direct interaction between restaurants and online food ordering platforms. Consumers rely on updated information from the restaurant's website or mobile app to make their food choices, as well as feedback from previous clients, both online and offline. While phone calls may be made for ordering and delivery purposes, they are not a common form of interaction between restaurants and consumers in the context of online food ordering [7].

The Technology Acceptance Model (TAM) was very effective through the lens of most researchers in a way of evaluating the attitude and acceptance as well as the user's behavioral intention toward new technologies [8] [9]. In this era of Industry 4.0, it is very noticeable the rapid growth of mobile users which is why the consumers are most convenient in ordering food through mobile apps as well as on websites. Mobile Apps and websites put a consumer at ease and bring peace of mind, especially when ordering food wherein they can choose whatever food they want in the comfort of their home. In most cases, the delivery time factor is the most important as well as the deciding factor to retain the current customers of the delivery service player.

The dramatic increase is particularly noticeable in the use of food delivery services, coinciding with the significant advancements in internet usage and

information technology. This has fundamentally altered the way people order and purchase goods, including food. It also results in a rapid growth of online shoppers. However, it reveals differences in the way the consumers purchase goods online because of the different attitudes of the consumers towards online buying as well as in the products and services offered [10].

In the restaurant business, ordering food online plays a vital role in the industry [11]. For consumers to order online, most of the supply chain restaurants make their unique mobile apps to use as a medium for ordering and delivery tracking. However, despite this trend, some clients still prefer using the telephone to place their orders. Nonetheless, in this pandemic situation, online ordering remains the most convenient and safest practice.

Due to the increasing number of women in the workforce and widespread mobile phone usage, online food delivery services have recognized the demand and established their businesses with the assistance of technology [12]. A few specialists have drawn the way that the recurrence of food requests is higher than retail shopping [10]. Eateries are reaping significant benefits from online food ordering and delivery services for several reasons. It causes café to take out neighborhood rivalry as most request is made through online entryways. It additionally assists with avoiding long lines during rush hours and legitimate administration of food to evade wastage.

III. METHODOLOGY

A. Qualitative research

This research deals with the existing business models and strategies of different food delivery service players in the Philippines and it uses the existing documents available online and traditional sources to create a framework as stated in the objectives. No numerical data is involved in this research.

B. Descriptive method and cross-sectional study

This research compared the business models and strategies of different food delivery service players to create a unified and solid framework that can be used by any of those players.

C. Content Analysis

The gathered data underwent analysis to gather evidence that supported the entire research and its output. Each document was critically analyzed using content analysis techniques.

IV. COMPARATIVE ANALYSIS OF FOOD DELIVERY SERVICE PLAYERS

This study came up with two separate tables to give a much clearer comparison of the gaps between these 3 key players in terms of business strategy and parameters

in delivery service. Table 2 provides a comparison of the business strategies employed by various food delivery service players. Table 3 shows a detailed comparison of various parameters related to delivery services among different providers.

TABLE 2
Business Strategies of Food Delivery Service Players

Grab Food	Food Panda	Strategies	Angkas Food
Gyms, Nutritionist, Schools, Mother Groups, Local Office Buildings, Local Farms, Food Distributors, Packaging Providers	Packaging Providers, Food Distributors	Key Partners	Food Distributors
Delivery, Convenient Locations Along Commuter Corridor, Inventory Planning, Seamless Ordering Experience, Low Cost of User Acquisition	Delivery	Key Activities	Delivery
Skilled Chefs, Breath of Local Food Options, Real State, Delivery Drivers/Riders	Local Food Options, Delivery Riders	Key Resources	Local Food Options, Delivery Riders
Convenient Ordering, Healthy Yet Delicious Food, Variety Thru Daily Changing Menu, Convenient Location, Locally Surround Ingredients, Transparent Nutritional Content and Ingredients	Convenient Ordering	Value Proposition	Convenient Ordering
Self-service via Website or Mobile Apps, Phone Support, In-Person Cashier at Retail	Self-service via Website or Mobile Apps	Customer Relationship	Self-service via Website or Mobile Apps
Website, Mobile App, Retail Kiosk at Transit Hubs, Gyms	Website, Mobile App	Channels	Website, Mobile App
Health Conscious Individuals, Individuals with Special Dietary Needs, Suburban Commuters, Suburban Families, Suburban Singles	Health Conscious Individuals, Individuals with Special Dietary Needs	Customer Segments	No Customer Segments
Kitchen Retail Cost, Packaging, Hourly and Salary Labor, Food, Marketing, Retail Rental Cost	Hourly and Salary Labor	Cost Structure	Hourly and Salary Labor
Direct To Customer Meal Sales, Wholesale Meal Sales, Event Catering	Direct To Customer Meal Sales	Revenue Stream	Direct To Customer Meal Sales

TABLE 3
Things To Consider in Food Delivery Service

Direct To Customer Meal Sales	Grab Food	Food Panda	Angkas Food
Delivery Time	24/7 in Metro Manila and Rizal and Cebu while 6 AM–12 AM in Cavite and Laguna	No specific delivery time but accepting night order	10 AM – 5:30 PM Daily, accepting orders until 5 PM
Food Security	With food safety guidelines With training for merchants	No Food safety guidelines	With food safety guidelines
Payment Facility	Cash, Credit Card, Grab Pay	COD and Credit Card	COD and Cashless but if cashless, the customer needs to coordinate with the restaurant
Promos and Perks	With Delivery Promos	With Delivery Promos	With delivery promos in selected areas
Online Apps	With Online Apps (IOS and Android)	With Online Apps (IOS and Android)	With Online Apps (IOS and Android)
Behavior of Delivery Personnel	With Cases reported, No customer Service Training	With Cases reported, No customer Service Training	With cases reported conduct regular training for delivery riders

V. RESULT AND DISCUSSION

A huge gap was noted in the business strategy among Grab Food, Food Panda, and Angkas Food. Grab Food was clearly ahead in all aspects of business strategy. Zoleta [13] compared Grab Food and Food Panda across eight criteria, including service availability, food and restaurant selection, desktop and mobile user experience, customer service, delivery fees, minimum order requirements, payment options, delivery speed, and business friendliness, supporting the aforementioned result. It was noticeable that those criteria were also included in the parameters of delivery service which was also measured in this study.

Figure 1 illustrates the output framework of this study. The framework, based on the analysis of gathered data and focus group discussions, was divided into five segments. These 5 segments were mainly focused on delivery service business strategy, and they serve as the driving forces of the business. According to Martin [14], it is the source of organizational strength and competitive advantage. The company must carefully strategize which items to incorporate into each segment to either propel them to industry leadership or risk bankruptcy. Furthermore, it was also manifested in the framework that there were 6 items inside the framework which serves as a customer focus strategy. According to Brand Konzept [15], these strategies were focused more on customer relations and customer

expectations. These were also part of the competitive advantage of an organization. However, the success of it will depend on how they perform based on the business strategies that are being formulated by each organization.

Each segment plays an important role in the framework to make a competitive advantage [14]. In the Partners parameter, players need to collaborate with those popular and easy-to-access partners with a wide range of payment facilities. In Activities, on the other hand, there is always an available delivery rider, especially during peak hours with 24/7 delivery availability. In Resources, skilled riders are employed with good to excellent behavior. In the Channels category, websites and mobile apps are always available for service. For customer service, Web/mobile apps should be easy to use and with 24/7 phone and online support.

To ensure that the framework is more customer-focused, several factors need to be considered. First, delivery time should be clearly defined and available 24/7 to meet the needs of customers. Second, food security measures must be clearly defined and properly executed to ensure the safety of delivered food items. Lastly, there should be consideration given to providing training in food security to relevant personnel involved in the delivery process [15]. The payment facility should be in a wide range and maintained by the delivery service. Filipinos love promos and perks, and this thing should be considered for taking advantage of to become popular. Web/Mobile apps should

be updated regularly and there is a notification option for customers if there are any promos or advisories. Lastly, the Behavior of delivery personnel should be managed properly by monitoring misconduct and conducting regular training in customer service as well as handling customer complaints.



Fig. 1. Food Delivery Service Framework

VI. CONCLUSION

Following the collection and content analysis of data, it was discovered that there existed a significant disparity between the business strategy of Grab Food and the combined strategies of Food Panda and Angkas Food. Furthermore, the analysis also revealed that even though the business strategy gap was huge, the parameters in the delivery service of these 3 key players were almost close to each other. A new and solid framework was created wherein the huge gap in the business strategies of these 3 key players was filled and it can be used by these existing players as well as the future venture in the industry.

ACKNOWLEDGMENT

The proponent would like to thank the technical team of ICP Service for their wholehearted support by joining in the focus group discussion. Also, a big thanks to the individuals who gave their experiences by way of interviews about the service of the 3 key players of food delivery service.

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