



# Economic Impact of Online Food Delivery System among Restaurant Industries in Kerala with Special Reference to Palakkad

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## Abstract

The economic impact of online food delivery system among the restaurant industries through various food delivery apps like Swiggy, Zomato has made a rapid growth in business of restaurants as it enables to reach the consumers quickly and helps to provide wide assortment of services to consumers. It embraces the influence of online platforms in the fields of restaurant food delivery system with a third parties like online delivery apps and reflects positively in the economic growth by providing various job opportunities to the young ones. Frequent evolution of technology has changed the entire scenario of the hotel industry. It has uplifted the usage of online food delivery services and enabled the public to order food at their comfort, compare charges and conveniently access these services. The present study analyses the impact of online food delivery platforms in the field of restaurants industry and how long it creates economic impact at the present argumentative situation and has made a detailed scrutiny about the depth in which these platforms can make changes in the perspective of and interaction with customers and also among the workers who are dealing with the delivery related activities to the customers. The researcher has done a descriptive study with a sample size of 50 respondents; the statistical tool is used is pie charts and percentages. This paper enables to know the economic impact online food delivery systems in the restaurants industries and it is found out that most of the restaurants prefer to deliver food through online platform.

**Key words:** *Economic impact, online food delivery system, restaurant industries, growth, consumer preference*

## Introduction

In the present scenario, the restaurant makes online food delivery with the help of third- party apps like Zomato that enables to increase their business and provide a platform for the further development. This process creates huge impact in the growth of the economy by contributing huge employment opportunities to the young peoples and creates a wide verity of services to the consumers and helps to reach to the consumers very quickly. The rise of the online food delivery platform has provided job opportunities for many people across the world in the form of chefs and administrative staff in restaurants, delivery people or as programmers behind the online platforms.

A massive change is found in the restaurant and food delivery market over the last few years with rapid urbanization and endless influx from neighbouring places to cities. The present pandemic situation has increased the need of this online mechanism which in turn has upsurged the growth on online delivery in the restaurants with the help of food delivery apps. Ordering meals from outdoor and eating-in has become a tradition these days with the increasing number of smartphones and food delivery apps. The impressive growth of e-commerce makes it an ever-important area to study. Even in traditional industries, well-established offline firms have accepted new online sales channels that aim to increase their revenue. Digitalization has also made changes in the online food delivery system that also create impact on the growth and development of restaurants.

Online food delivery apps are the medium through which hoteliers distribute the ordered food directly at the doorsteps of the customers. There are a lot of apps that are available which makes the consumers to search the restaurants and foods that they prefer the most. It also helps the restaurants to grow their business and expand their services and enables to reach to the customers very quickly.

### Online Food Delivery System in India

Food delivery systems in India have gained a tremendous growth from the past few decades. It is an appropriate channel for the public to order their favourite dishes within a short span of time at their doorsteps. It offers varying benefits like ready to eat, time saving and better customer services with attractive packages. A lot of new companies are launching everyday in this segment. However, to discover the best online service provider would be a difficult task as wider numbers are providing this service in varying forms and styles.

The following are some of the best online food delivery apps in India:

- Swiggy
- Zomato
- EatSure
- Eat Fit
- Box8
- Dunzo
- Magicpin
- Dominos Pizza
- Fresh Menu
- Pizza Hut



### Online Food Delivery System in Kerala

Online food delivery system in Kerala too acts immensely with wider products that are being offered to the customers on a 24 X 7 basis. Delivery servicers like Uber Eats, Zomato and Swiggy are the most eminent ones were the restaurants deals with. Majority of the local restaurants presently face certain bottlenecks due to the attack to Covid pandemic, but are getting accelerated with the opening up of all segments throughout the state. The apex body of hotels in the state is the Kerala Hotels and Restaurants' Association (KHRA); that too are working together hardly in order to overcome the situation.

## Online Food Delivery System in Palakkad

A good quantum of online food delivery services are found in the district of Palakkad too offering attractive menus to its customers. One can even find frequent and daily customers for Zomato, Uber Eats, Swiggy and the like. The following are some of the home delivery restaurants in Palakkad:

- Hotel Royal Treat
- V. Asly Online Hypermarket
- V. London Bakes N. Grills
- Food Junction Restaurant
- Arabian Grill
- Malabar Restaurant
- Arabian Grill and Fry
- Arabian Mishwee

### Objectives of the Study

- Analyse the impact of online food delivery systems in the restaurant business
- Ascertain the most preferred online food delivery platforms among restaurants
- Scrutinize the challenges faced by the restaurant sector in connection with the third-party food delivery apps
- Evaluate the contribution of online food delivery system in the economic development

### Significance of the Study

As people are constantly looking for ease and convenience in today's fast-moving world, food industry has also changed tremendously along with the changes in the social, economic and demographical factors of the country. In today's world, obtaining high quality food at one's doorstep within a short span of time that too with the usage of apps is nothing less than an extravagance that an individual can obtain after a hectic day at work. Increase in disposable income, increasing work pressure, nuclear family system, easy access to internet, and increased smart phones are some of the influencing factors that promoted online food delivery system. Thus the fastest delivery systems in restaurants with the help of online platforms have provided bulk opportunities to the youngster's thereby leading to increased economic growth.

### Statement of the Problem

The present research work is conducted to analyse the impact of online food delivery apps on the operations of the restaurant business. The study is conducted from the restaurant's point of view, how the online food delivery system helps in the growth of businesses and thereby creating a huge economic impact by providing various employment opportunities with new development ideas and the influence of the online delivery apps in promoting the growth in these sectors with the special preference to Palakkad city.

### Scope of the Study

The purpose of the study is to know the economic impact created by the online food delivery systems in the restaurant sectors with the help of third-party apps in Palakkad city. This study benefits considerable number of restaurants and online delivery operators and delivery peoples to know the impact that they created in the growth of economy. The study would help to bring an insight onto to the minds of restaurant operator's as how to conduct an effective management of restaurant business using online platform.

## Research Design

A descriptive research design is adopted by the researcher in the entire work.

## Sources of Data Collection

Primary and secondary sources are used for the data collection.

. The data is collected mainly from two sources:-

- Primary data through visiting and observing the site, interviewing the residents
- Secondary data from sources like articles, newspapers and websites.

## Sample Size

60 Respondents are chosen as a sample size in this study.

## Techniques of Sampling

Simple random sampling method is used for the primary data collection

## Tools of Data Collections

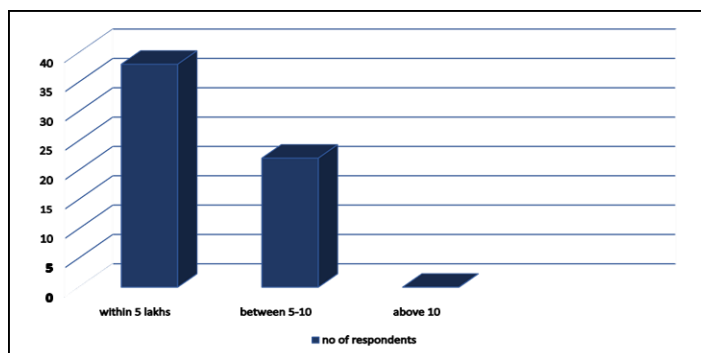
Varying tools like Pie charts, bar diagrams and Percentage method were adopted throughout the study in order to arrive at meaningful results.

## Benefits of online food delivery are as follows:-

- Increases job opportunities as more workers are necessary to provide door to door delivery to the customers.
- Boom for packing and logistics industries as parcel services gained momentum.
- Less restaurant space as majority of the customers stick on to online purchase.
- Better satisfied customers as they receive the right product at the right time and pace.
- Helps to save a lot of time and effort of consumers with regard to take-away, ordering and consuming.
- Save's time and energy of serving food to the customers on the part of restaurants owners.
- Enabling to serve food to large folk of customers within short span of time and cost.
- Delivery of food is performed in a most cost efficient manner.
- Develop good relationships between staffs and customers
- Enables in handling multiple orders at a single point of time
- Attains consumer delight with varieties of foods and offers.
- Ease of ordering and faster payment settlement with huge customer outreach
- More suitable for the future growth of hotel industries.
- A good tie up in digital marketing & social media
- Accelerates proper administration of the works and thereby leading to economic development.

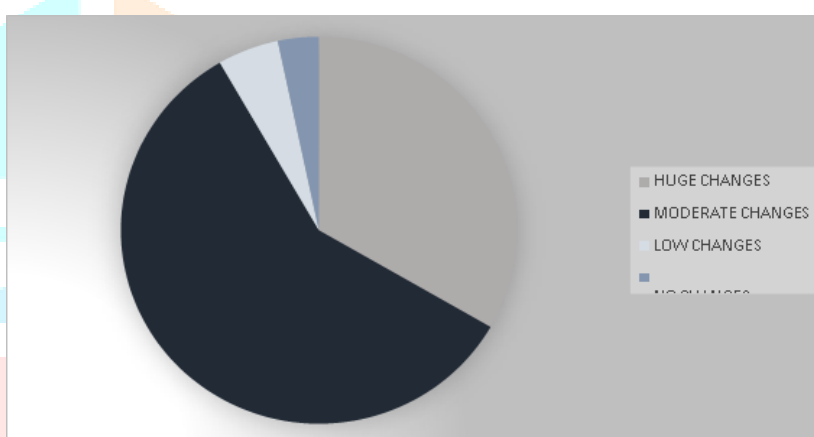
## Findings

- Majority (78.3%) of the respondents are the male with 63.3% of them having age group between 30-50 years. Around 85% of the respondents are the owners of the restaurants out of which 55% have more than 5-10 years of experience in the field of restaurant business. Even the turnover of a major set of 38 restaurants (63.33%) are within 5 lakhs and 22 of them with annual turnover of 5-10 lakhs and none of the restaurants are having the annual turnover more than 10 lakhs. Out of which 16.67% prefer usual dinning, take away and third-party apps to deliver the food.



**Graph showing the annual turnover of restaurants**

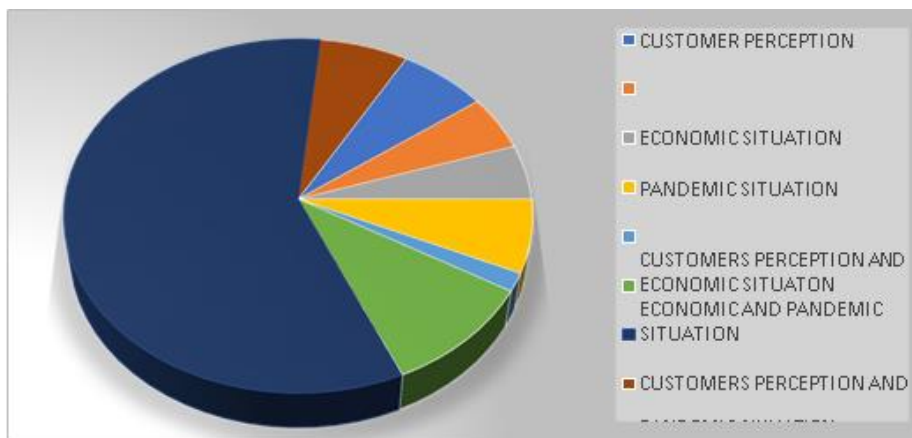
- Yet another fact noted was that majority (80%) of the restaurants prefer both online and offline mode of delivering food and wished to shift to online platform because of consumer perceptions, economic condition and even the pandemic situation.
- 50% of the restaurants have neutral preference towards third-party apps out of which half of them prefer Swiggy and Zomato for delivering food. 33.33% of the restaurants prefer online food delivery apps to deliver the food through online.



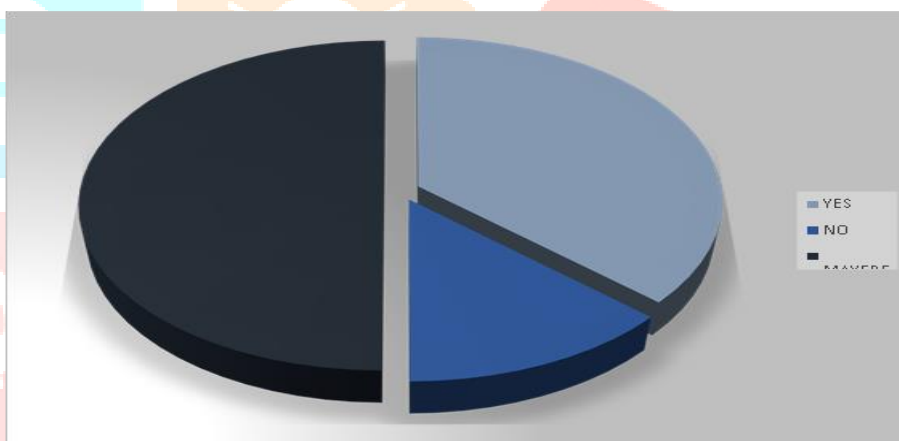
**Graph indicating changes brought by online food delivery to the restaurant business**

- It is analyzed that online food delivery brings huge changes in 33.33% of restaurants and brings moderate changes to 58.33% of restaurants and low changes @ 5% of restaurants and 3.34% of restaurants remain idle.
- The customers show moderate and high response on an equal basis towards online food delivery system.
- 51.67% of the restaurants get around 500-1000 online delivery orders per day.
- A good quantum (56.67%) of the restaurants face slight difficulties while deliver food through online. Proper delivery, and locations are the main difficulties of the restaurants.
- Majority 46.67% of the restaurants deliver food within 45 minutes.
- Customer reach, convenient and easy method are the major benefits found by the restaurants by adopting online food delivery system.
- Majority of the restaurants incur delivery related expense while delivering food.
- 78.33% of the restaurants require additional staff for the food delivery.
- 56.67% of the restaurant prefers staff in the age below 30.
- 78.33% of the restaurants make payments to the staff between Rs.5000-10000.
- Majority of the restaurant makes payments to their staff on the bases of rating, number order delivered and time taken for the delivery.
- 50% of the restaurants prefer cash and UPI payments.

- Around 6.67% of restaurants shift to online mode because of consumer perception and 5% of restaurants due to economic situation. Yet another 5% due to pandemic situation 6.67% and 1.66% of restaurants due to both customers perception and economic situation and economic and pandemic situation and 10% due customer and pandemic situation and 58.33% due to all the above reasons.

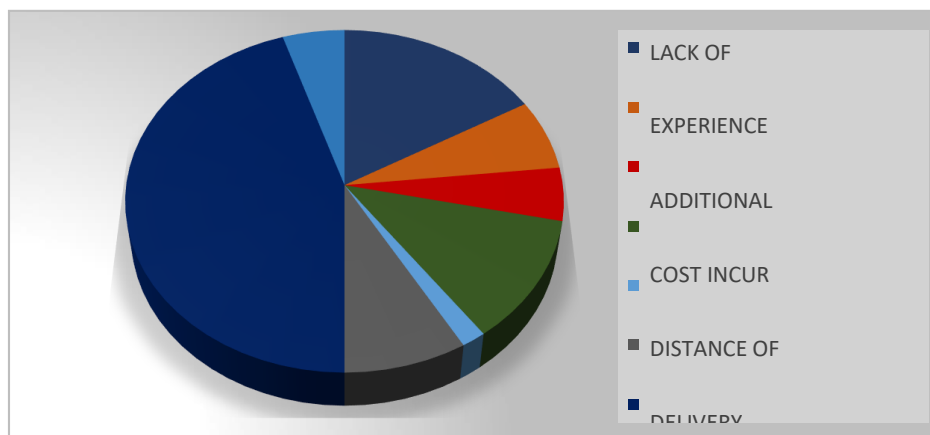


Graph depicting factors that makes restaurants to shift in to online platform



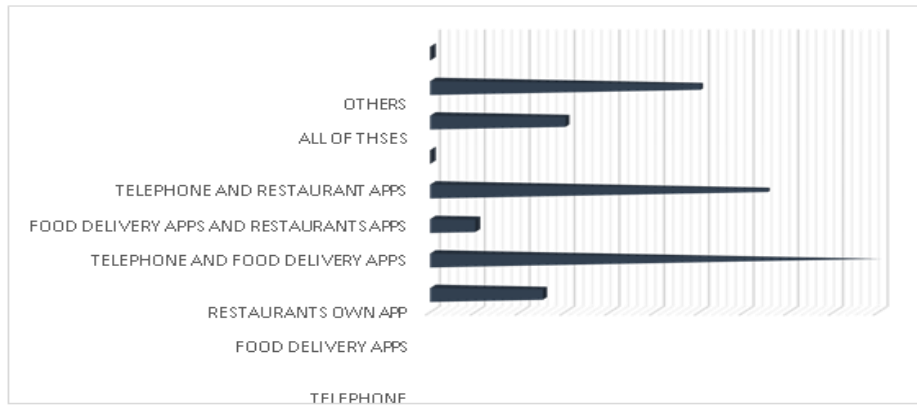
Graph showing preference of third-party apps among restaurants for food serving

- Nearly 36.67% of restaurants prefer third-party apps to deliver the food and 13.33% of restaurants not prefer third party apps to deliver the food and 50% of restaurants have no such special preference.



Graph showing difficulties of the restaurants faced while switching into online delivery mode

- It has been found out that around 16.67% restaurants face lack of experience while switching to online mode and 6.67% and 5% face additional cost and distance problem and 11.67%, 1.66% faces both lack of experience, cost and distance problem and cost and 8.33% face lack of experience and distance. 45% faces all of these and remaining 5% of restaurants faced by other factors.



**Graph showing convenient channel receiving orders among restaurants**

- 8.33% of restaurants prefer telephone to receive orders and 33.33% prefer delivery apps and 3.33% prefer restaurant own apps and 25% prefer both telephone and delivery apps and 0% prefer both food delivery and own apps and 10% telephone and restaurant apps and 20% prefer all this way.

### Suggestions

- From the survey it found that a good quantum of the restaurants prefer third-party apps to deliver their food because of that such apps must be given more concern towards the restaurants and proper management of orders.
- Majority of the restaurants lack the knowledge about online platform of food delivery Thus appropriate measures are needed to provide accurate knowledge about such platform.
- Many of the restaurants prefer to deliver food through their own apps but they lack the knowledge for the proper setup of well-versed apps. So that a proper framework about the apps must be given to the restaurants.
- Proper food order management system must be developed among the restaurants in order to tackle the problems faced in this area in a comfortable way.
- Customers have to adopt the latest modes of payment like UPI and the like as most of the restaurants prefer cash and UPI payments for receiving payments.

### Conclusion

Currently ideas on online business are penetrating in a wider manner at all levels, i.e., from small shops to mega MNC's. Changing standards of living have brought a drastic shift in the food habits of the public in varying forms like ready to cook, heat and eat and much more. Thus the concept of old traditional cooking is vanishing gradually to latest kitchen concepts. Gone are those times, when people used to go to restaurants for eating. The deficiencies like late delivery of the food products, limitations in receiving high orders, in-house business, huge cost for delivering the products etc. by the restaurants made the online food delivery business come into picture. With a peak flow in the usage of smartphones in India, one can analyse a steady hike in the digital literacy with improved access to high-speed network services. This, coupled with rising working population and consumer expenditure capacity, represents one of the key factors catalysing the growth of the market. In tune with this, the emerging trends of the on-the-go foods and quick home delivery models, which offer convenient, ready-to-eat and cheaper food delivery options, are contributing to the market growth significantly. It enables to increase the growth of restaurant sector by providing food to the customers through online in most affordable rate along with more convenient manner. Many of the restaurants begin the delivery of food through their own apps and by using third-party apps like Zomato, swiggy and C star. In this mode of delivery food now becomes more acceptable among both restaurants and customers. On analysing the economic impact of online food delivery

among restaurant sector in Palakkad, it is analysed that the online food delivery system among restaurants have both benefits and limitations. Online food delivery system among the restaurant industries creates huge impact in the development of opportunities among young age peoples. Large number of peoples is under this sector which creates huge impact over economic development of this segment. Most of the restaurants preferred to deliver food to the customers through online by using their own apps or by using third-party apps like Zomato, Swiggy and C star. Majority of the peoples working in the online food delivery sector are the youth within the age of 30. This enables to increase the opportunities among the young age peoples and helps to increase overall contribution of the economy as whole. Online platform helps to increase the job opportunities of young age peoples and that in turn helps to increase the economic growth of the country.

We can find that with the burst of Covid pandemic, most people prefer online mode of food delivery. Varying reasons behind the same are trustworthy electronic payments, more disposable incomes, good range of efficient suppliers, expansion of internet and the like. Even though there are many ill effects in this, the world as a whole is accepting this mode due to the breakage of Covid - 19 shattering all segments at a stretch. Thus appropriate measures from the authorities of food industries and restaurants would make the event more considerable in all aspects to all those who are depended on it. From now onwards a city or a country without an operation of online food delivery is unimaginable as it swings in parallel with the steep flow of the economy that too in an utmost manner. Thus for the sustainable development of an economy in the present scenario, the role of online delivery is highly significant and cannot be kept apart or avoided in any sense.

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