

Rise of Online Food Businesses: Probing its Growth and Longevity as a Business Entity

Lovely R. Vizconde
BSBA Student, Asian Institute of Maritime Studies, Pasay City, Philippines

Article History:

Received: 15 January 2024
Accepted: 18 February 2024
Published: 24 April 2024

Abstract

This research explores the perception of consumers on the factors influencing online food-related businesses' growth and longevity. The respondents were 100 randomly selected residents living in Mandaluyong City. The study investigated several dimensions associated with online food businesses' success, including technology, cash-on-delivery (COD) payment systems, and consumer reach. Findings showed that business owners and consumers perceive technology as a primary factor for the success of online food businesses. The agreement on the use of technology indicates that the widespread adoption of technology promotes consumer's ease of access while promoting operational efficiency for the business owners. Additionally, it was also evident that consumers prioritize convenience and security as facilitated by the strong preference for COD payment systems, which incorporates cash as a primary mode of payment. Similarly, the findings showed that consumers' perception of the factors contributing to online businesses' sustainability align in all aspects. The findings of this study were likewise consistent with the participants' occupation and food preferences.

Keywords: Online Food Business, Profitability, Longevity, Business Entity, Mandaluyong City, Asian Institute of Maritime Studies



Copyright © 2024. The Author/s. Published by VMC Analytik's Multidisciplinary Journal News Publishing Services. Rise of Online Food Businesses: Probing its Growth and Longevity as a Business Entity © 2024 by Lovely R. Vizconde is licensed under [Creative Commons BY 4.0 license](https://creativecommons.org/licenses/by/4.0/).

INTRODUCTION

Online Food Business (OFB) is a venture that caters to customers' orders online, sourcing food from restaurants, fast food chains, or small food businesses. The restaurant prepares the order and employs carriers or riders to deliver it to the given address. Sutevski (2020) notes that while previous generations enjoyed preparing lunch for work, modern pressures have elevated the prominence of OFB, offering convenience to consumers. Particularly during the COVID-19 pandemic, people have increasingly turned to online food delivery services to avoid crowded places and reduce exposure, thereby altering consumption habits.

Davidson (2011) highlights that food is a fundamental necessity, and Online Food Businesses (OFBs) provide access to diverse meals conveniently delivered to everyone's doorstep. The profitability of this venture stems from the consistent demand for food, coupled with the appeal of trying new cuisines from the comfort of home. Amid the pandemic, widespread business closures and job losses have heightened the importance of OFB. CNN Philippines (June, 2020) reported a significant increase in unemployment rates, prompting

individuals to venture into OFBs to support themselves and their families. Given the necessity of food and the evolving consumer preferences, these businesses are likely to remain integral in the post-pandemic landscape.

This paper aims to explore the perceived growth and longevity of online food businesses during the pandemic. It also elicited the varying perspectives of consumers (based on occupation and type of food transacted) toward the longevity factor. Results of the study have provided insights for aspiring entrepreneurs and researchers who are interested in this growing industry.

LITERATURES

Changing Consumer Behavior. Consumer behavior has changed dramatically in favor of online food ordering and delivery. The main factors that have significantly influenced this phenomenon are lack of free time, convenience and a new trend. For example, Harvey (2019) states that the modern world has become accustomed to buying professionally cooked food, quickly brought home by courier. However, even before the pandemic, there has always

been a demand for Online Food Businesses (OFBs) because of poor cooking skills and lack of personal time. In addition, during the pandemic, food delivery in the Philippines, together with other countries, has become one of the most requested services (Sanchez, 2020). In conclusion it can be inferred that this change demonstrated consumers' adaptation to external factors especially when needed.

Impact of the COVID-19 Pandemic on Food Consumption. The COVID-19 pandemic served as a catalyst for the rapid increase in the popularity of Online Food Businesses (OFBs). As more traditional businesses closed, and unemployment soared, people needed additional sources of income, which, consequently, led to a surge in small-scale online food ventures, as reported by Reyes (2020). Moreover, with lockdowns and the inability to visit restaurants, the convenience of online food delivery became a top priority (Legaspi, 2020) Altogether, the pandemic clearly served as a catalyst for the surge in OFBs, which has proven to be the most life-saving solution for both consumers and entrepreneurs during an extremely tough time.

Technological Advancements: A Boon for Online Food Business Owners. Another key factor that has influenced the success of Online Food Businesses (OFBs) is the utilization of technology. According to Marks and Foroughi (2017), the use of online and mobile platforms for ordering has replaced phone-based operations. These authors also stated that businesses have moved from old-school door-to-door flyers to digital advertising, which were only possible on platforms like Facebook or Twitter. True enough, the advancement of technology has enabled the growth of online food businesses both in operations and in market opportunities.

Opportunities and Challenges for Online Food Business Owners. Online Food Businesses (OFBs) present entrepreneurs with numerous opportunities, albeit challenges. The lure of high sales volumes and easy entry into the food business inspired many individuals to join the field. The online food delivery sector is

particularly attractive because of its massive growth potential, which has always led to booming interests (Masigan, 2019) and this was particularly evident during the pandemic. Considering that competition is stiff, one has to employ various strategies that boost traffic (Inquirer, 2020) In addition, there is the problem of understanding the regulatory framework and ensuring the right food standards when working in the food business space, and this is a major challenge for the new entrepreneurs .However, the good news is that most entrepreneurs who did well in the online food space operated and worked well from their houses (Legaspi, 2020).

METHODOLOGY

Population and Sampling. Data were gathered from 100 randomly selected consumers in Mandaluyong City, Philippines. The consumers have at least made a single online food order transaction to qualify as respondents.

Instrumentation. A self-made instrument was prepared for this study. The measure is composed of a 20-item questionnaire encompassing the 2 major variables of the study: growth and longevity. There were 8 questions developed to elicit the perceived growth of Online Food Businesses (OFBs) while 12 items were formed to yield the perceived longevity factors. Using a 5-point Likert scale, the following are the scale intervals and corresponding descriptions:

Table 1
Likert scale used in measuring the growth and longevity of Online Food Businesses (OFBs)

Scale	Range	Description
5	4.21 – 5.00	Strongly Agree
4	3.41 – 4.20	Agree
3	2.61 – 3.40	Neutral
2	1.81 – 2.60	Disagree
1	1.00 – 1.80	Strongly Disagree

Initial validation of the instrument was undertaken by the research adviser. After which, final validation was done by 2 experts: business management professor and statistician. Necessary refinements were done accordingly.

To test the internal consistency of the instrument, a sample survey was done in 10 participants. It revealed that the instrument was internally consistent as it gained a Cronbach Alpha result of .87. The questionnaire was then converted into an online survey form through Google Forms in preparation for the survey.

Data Source. Using convenience sampling as a mode in outsourcing the respondents, the proponent approached nearby neighbors in Mandaluyong City and requested permission to answer the questionnaire. Prior to the survey, a consent statement is given to each respondent and cascading information about the objectives of the study as well as solicited their willingness to participate. They were likewise assured on their anonymity as participant of the study. Subsequently, upon completion of the required samples, the collected data were analyzed and interpreted with the assistance of a statistician.

Data Analysis. Following the data collection, the proponent employed several statistical tools for analysis. Frequency was utilized to summarize the dataset by indicating the frequency of occurrence of each value. Percentage was also employed to compute the profile of respondents (occupation and type of food transacted) and expressing it in percentage terms. On the other hand, weighted mean was used to determine the growth and longevity factors of Online Food Businesses (OFBs). Lastly, analysis of variance (ANOVA) was employed to identify statistically significant differences between the means of multiple independent groups, aiding in understanding variations in perceptions across demographic categories. In application, this was used to determine if there are significant differences in the perception of respondents toward the growth and longevity factors of OFBs when grouped by profile.

RESULTS

Taking into account the rigors employed in deriving the necessary data of the study, the following are the results expressed in tabular forms and with corresponding analysis and interpretation.

Table 2
Factors leading to the Growth of Online Food Businesses (N=100)

The growth of online food businesses has risen due to ...	Weighted Mean	Descriptive Interpretation
1. The emergence of the pandemic created various types of online food businesses.	3.80	Agree
2. Its profit-making aspect.	3.54	Agree
3. It's potential as a lifetime business endeavor.	3.40	Neutral
4. The widespread use of technology.	3.69	Agree
5. The economical way of doing business.	3.71	Agree
6. The time saved in cooking meals.	3.66	Agree
7. The health safety concerns of consumers.	3.51	Agree
8. The availability of various food product lines.	3.66	Agree
Average Weighted Mean	3.62	Agree

It was notable in Table 2 that 7 out of the 8 factors garnered agreement from the respondents. Among these factors, "The widespread use of technology" emerged with the highest weighted mean of 3.69 (Agree), closely followed by "Time saved in cooking meals" with a weighted mean of 3.66. This robust agreement emphasizes the significant role of technology in facilitating the convenience of online transactions for consumers. As Spain (2015) points out, technological advancements have revolutionized everyday tasks, making them more efficient and accessible, thereby enhancing the appeal of online platforms for various services, including food delivery. However, it can also be noted that resulting means across all indicators were generally near the borderline of "Neutral" (2.61-3.40) and "Agree" (3.41-4.20). Perhaps, this can infer doubt from the respondents that Online Food Businesses (OFBs) can generally thrive and grow into a lasting business venture.

Conversely, the statement "Its potential as a lifetime business endeavor" received the lowest rating, with a weighted mean of 3.40 (Neutral). Conforming to the inference above, this suggests a degree of skepticism among consumers regarding the long-term viability of OFBs. Despite the convenience offered by online ordering, consumers may still prioritize the experience of dining out at restaurants or fast-food chains, particularly in a post-pandemic context. As highlighted by Upton (2019), while delivery and off-premises options have seen significant growth, the decision to dine out or order in remains influenced by factors such as food quality and overall dining experience.

Table 3
Longevity Factors Leading to the Continuous Growth of Online Food Businesses (N=100)

Online food businesses can continuously operate for a long period of time due to	Weighted Mean	Descriptive Interpretation
1. The food delivery system.	4.20	Agree
2. Easy online ordering system.	4.29	Strongly Agree
3. The various food product lines available.	4.00	Agree
4. The online payment system.	4.03	Agree
5. Cash on delivery payment system.	4.34	Strongly Agree
6. The daily food needs of a family.	4.00	Agree
7. The daily food needs of workers.	3.89	Agree
8. The cheap prices of online food products.	3.89	Agree
9. The availability of various food product lines.	4.09	Agree
10. The good taste of online food products.	3.83	Agree
11. The clean preparation of online food products.	3.94	Agree
12. The popularity and quality of food products.	4.15	Agree
Average Weighted Mean	4.05	Agree

Table 3 presents the Longevity Factors Leading to the Continuous Growth of Online Food Businesses (OFBs). Notably, 2 out of the 12 factors received a “Strongly Agree” consensus from the respondents. Among these factors, “Cash on delivery payment system” emerged with the highest weighted mean of 4.34 (Strongly Agree). This strong agreement suggests that consumers perceive Cash on Delivery (COD) payment system as a crucial longevity factor which can drive the continuous growth of Online Food Businesses (OFBs). Indeed, the COD payment option offers consumers a sense of security and convenience, as highlighted by Bhalla (2020). With COD, consumers have the assurance of paying only after receiving the product, mitigating the risk of monetary loss. Additionally, the ability to inspect the product before payment further enhances consumer confidence and satisfaction, contributing to the popularity of COD among online shoppers.

Table 4
Comparison of Longevity Factors When Respondents are Grouped According to Occupation and Type of Food Transacted

Grouping Variables	Groups	Mean	Standard Deviation	F-ratio	p-value	Interpretation
Occupation	Business-Related	3.88	0.80	0.423	0.738	Not Significant
	Government & Public Admin/ Education & Training/ Human/ Health Services	4.25	0.83			
	Marketing, Sales and Services	3.97	0.86			
	Others	4.20	0.50			
Type of food transacted	Non-rice meals	4.04	0.64	3.208	0.054	Not Significant
	Rice meals	3.63	0.84			
	Combination	4.37	0.64			

Table 4 illustrates the comparison of longevity factors as perceived by consumers, with ANOVA tests revealing that all F-ratios have p-values greater than 0.05. This implies that regardless of their occupation or the type of food they frequently transact online, consumers perceive longevity factors similarly.

This suggests a fundamental unity in the perceptions of consumers regarding the longevity factors influencing Online Food Businesses (OFBs). Despite potential differences in occupation or food preferences, consumers share a common understanding of the factors contributing to the sustained growth and operation of online ventures.

This consistency emphasizes the universal nature of consumer attitudes towards online businesses' longevity, transcending individual characteristics or preferences. It suggests that consumers, irrespective of their backgrounds, prioritize similar factors when considering the long-term viability of online businesses, emphasizing the importance of these factors in fostering consumer trust and loyalty.

DISCUSSION

The findings presented in this discussion shed light on essential aspects of Online Food Businesses from the perspective of consumers. Through the use of surveys and statistical analyses, insights were gained into factors influencing the growth and longevity of online food ventures. Here, we delve deeper into the implications of these findings and their significance for the online food industry.

Firstly, the agreement among both business owners and consumers regarding the importance of technology in fostering the growth of OFBs is noteworthy. The widespread use of technology, as indicated by high weighted mean, emphasizes its important role in enhancing accessibility and convenience for consumers and streamlining operations for business owners. As highlighted by Spain (2015), technological advancements have transformed everyday tasks, making online platforms increasingly indispensable for food

businesses seeking to reach and engage with their target audience effectively.

Similarly, the consumers' preference for Cash on Delivery (COD) payment system reflects their emphasis on convenience and security. The high weighted mean for this factor indicates that consumers perceive COD as a crucial longevity factor, aligning with Bhalla's (2020) observation that COD offers consumers peace of mind by allowing them to pay only after receiving the product. This emphasizes the importance of flexible payment options in fostering consumer trust and satisfaction in online transactions.

Moreover, the lack of significant differences in perceived longevity factors among consumers, irrespective of occupation or food preference, highlights the universal nature of consumer attitudes towards online businesses' sustainability. This suggests that consumers prioritize similar factors, such as payment convenience and service reliability, when assessing the long-term viability of online food ventures, regardless of their individual backgrounds.

Overall, these findings have several implications for stakeholders in the online food industry. For business owners, understanding and leveraging technology to enhance consumer reach and accessibility are paramount for driving growth and profitability. Investing in digital marketing strategies and providing flexible payment options can help businesses attract and retain customers, ultimately contributing to their long-term success.

For consumers, the findings emphasized the importance of convenience and security in online transactions. Businesses that prioritize customer-centric practices, such as offering multiple payment options and ensuring timely delivery, are likely to earn consumer trust and loyalty in the competitive online food market.

REFERENCES

Bhalla P. (December 15, 2020) Cash on Delivery (CoD) Pros and Cons on eCommerce.

Retrieved from <https://www.shiprocket.in/blog/cash-on-delivery-pros-cons-ecommerce/> 5 things to do with your small business profits (2020) Retrieved from <https://us.accion.org/resource/5-things-to-do-with-your-small-business-profits/>

Clevenger (2015) Independent restaurant brace for the unknown. Retrieved from <https://www.nytimes.com/2020/03/20/dining/local-restaurants-coronavirus.html>

CNN Philippines (2020, June). 3,000 establishments nationwide permanently close, retrenched due to pandemic, DOLE says. Retrieved from https://cnnphilippines.com/business/2020/6/25/3000-establishments-retrench-close-due-to-pandemic.html?fbclid=IwAR3gvJfu_DhvoSx-lVWf080-vo1GFKrAs5nzkZHQAxE5egq30S7Jvgd65s

Davidson M.J. (2011, September). The Importance of food in Our Life. Retrieved from <https://ezinearticles.com/?The-Importance-of-Food-in-Our-Life&id=6541199>

Harbour S. (2020) Small Business Chron. Retrieved from <https://smallbusiness.chron.com/importance-business-emarketing-strategies-52649.html>

Harvey I. (2019). Food Delivery: The Epic History of Humanity's Greatest Convenience. Retrieved from <https://www.thevintagenews.com/2019/01/08/food-delivery/>

Lattanzi A. (2020, May) Food delivery platforms revolutionizing the market during COVID-19: Why is regulation lagging behind? Retrieved from <https://www.ifis.org/blog/food-delivery-platforms-covid-19>

- Legaspi J. (2020, August). How to take you home food business to the next level. Retrieved from <https://mb.com.ph/2020/08/27/how-to-take-your-home-food-business-to-the-next-level/>
- Marks M., & Foroughi J. (2017). Profitability of On-demand Food delivery business. Retrieved from <https://www.gsb.stanford.edu/faculty-research/case-studies/profitability-demand-food-delivery-businesses>
- Masigan A. (June,2019). Trends in food Industry. Retrieved from <https://www.bworldonline.com/trends-in-the-food-industry/>
- Reyes J. (2020). Online food enterprises cook up ways to stand out. Retrieved from <https://business.inquirer.net/310223/online-food-enterprises-cook-up-ways-to-stand-out#ixzz6c0pKv1lh>
- Sanchez M.J (2020, August). Share the respondent who would continue ordering online after lifting social distancing measures due to COVID19 pandemic in the Philippines as of June 2020. Retrieved from <https://www.statista.com/statistics/1147633/philippines-likelihood-of-ordering-online-after-lockdown-due-to-covid-19/>
- Spain C. (June 15, 2015) The Technology of Convenience. Retrieved from <https://newsroom.cisco.com/featurecontent?type=webcontent&articleId=1648482#:~:text=Technology%20has%20enabled%20new%20levels,information%20is%20in%20real%2Dtime.>
- Sutevski D. (2020). How to start a Food Delivery business from home. Retrieved from <https://www.entrepreneurshipinbox.com/17652/how-to-start-a-food-delivery-business-from-home/>
- Thrive hive (June 22, 2016) 5 Ways to attract Customers. Retrieved from <https://thrivehive.com/5-ways-to-attract-customers/>
- Upton N. (December 19, 2019) Surveys says: Consumers still prefer in-restaurant dining. Retrieved from <https://foodondemandnews.com/12192019/survey-says-consumers-still-prefer-in-restaurant-dining/>