The Influence and Prospect of Food Delivery Platforms in Taipei City

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A Preliminary Study of Food Delivery Platforms(Foodpanda) in Taipei City

Nowadays, advertisements and delivery motorcycles from various food delivery platforms are seen everywhere. Initially, they only set foot in food deliveries, and then step by step, they started to deliver groceries as well. Slowly but surely, the food delivery platforms are fusing with our society majorly because of their convenient service, and some people have come to depend on them so much that they seem to be unable to live without them.

We have observed such a phenomenon which had been brewing in Taipei City, and were intrigued by it. Therefore we decided to conduct a thorough research on Foodpanda, one of the largest food delivery tycoons in Taipei City, to figure out the mysteries behind the rise of foodpanda and the collateral damage Foodpanda had been causing along with it, and finally give an overview rating on Foodpanda for future development.

The Strengths of Foodpanda

The Internet makes an enormous change to our life, especially after smartphones became popular. People can do almost anything on the gadgets, from contacting people to ordering food. They can easily get something to eat or drink with only a few clicks on their phones. People had to order food via phone call or take out before Foodpanda was founded in 2012. Foodpanda integrates nearby restaurants, which provides users an option to order food with only a few touches on the phone.

The Growth of Foodpanda

Between 2018 and 2019, food panda's sales revenue grew rapidly. The amount of daily orders increased 25 times more, the number of cooperative restaurants increased 2 times more, and active users increased 20 times more in only one year. People are more and more willing to spend money on food delivery. A statistics in 2019 indicated that a group of VIP users (they use the platform at least 2 times and they spend an average of more than 1000NTD a day), and the growth of VIP users is one of the factors that Foodpanda can grow significantly. However, Foodpanda was not readily satisfied with its performance due to two reasons. One is that the sales performance only accounts for 5 percent of the dining industry,and the other is that less than 20 percent of restaurants partner with the platform. To serve and attract more consumers, Foodpanda, therefore, operates for 24 hours in Taipei and New Taipei city while in other cities they are available from 5 AM to 2 AM. In 2019, Foodpanda acquired 10 warehouses to support the operation of Panda Mart, anticipating to get hold of the fresh produce market. It also plans to collaborate with well-known food chains such as KFC, Pizza Hut, Subway, Burger King, Mosburger and McDonalds so as to attract more users.

The Cause of the Growth

The revenue of Foodpanda has been growing significantly in terms of three main factors: the performance of the restaurant, algorithm, and convenience.

The performance of the restaurant

According to Foodpanda's 2018 annual report, restaurants which cooperate with Foodpanda grew 20-30 percent on its performance. Restaurants sacrifice 32%-40% of their online order income to Foodpanda, but it is an opportunity to increase a restaurant's exposure and establish their restaurants' renown. In contrast to dining at restaurants, where people will notice the drawbacks such as the decor or how convenient parking is, customers can focus more on the food itself via Foodpanda. Using the platform can ensure restaurants that do not have a location to maintain competitiveness. Moreover, choosing restaurants with a positive word of mouth, platform users care more about the dish's price and promotions. Launching promotions timely can increase consumption and expand its customer base in no time. What is more important, though, is whether or not they can keep their customers after the promotion period. It all depends on the quality of the products, or else it will lead to a vicious competition of competitors cutting down their margin in order to fight for orders. Foodpanda can effectively increase restaurants' exposure rate, but distributing the percentage of online orders and consumers in the restaurant is an important strategy. If the restaurant cannot distribute it well, it will lead to decreasing incomes.

Algorithm

Foodpanda demonstrated On-Demand Economy through good capital operation, business model and usage of big data and AI. The improvement of algorithms is the key point of Foodpanda's success. It can calculate the courrier's overall performance and estimate the best delivery method with an accuracy of up to 95 percent. Other than providing on-time delivery, algorithms can help platforms analyze a consumer's feedback and make adjustments. For example, Yao-Hsun Yu pointed out that one of every five Foodpanda users would want a cup of bubble milk tea. In addition, customers' demand will decrease if restaurants put 5 or less items on the platform. All of the data that is provided from its establishment in 2012 and the improvement of algorithms are the main reasons behind Foodpanda's success.

Convenience

According to the annual report of 2018, it takes only 28 minutes for customers to have their food delivered via Foodpanda. It is relatively efficient in comparison to takeout. Moreover, Foodpanda is known for having the same price as dining in restaurants, which means customers do not have to pay any extra fee other than the delivery fee. Even though some restaurants slightly raise their products' price, the platform frequently releases free

shipping to benefit customers. In addition to the above, couriers delivery distance is a shocking 18.5million km. It helped consumers save 9.17million days, and the distance of climbing 750,000 Taipei 101's. Saving customers' time is the main reason Foodpanda is growing. Under the stay-at-home economy environment, Foodpanda successfully attracted more and more users. In addition to delivering food and meals, groceries and fresh flowers are becoming their main product. The diversity of the products is also one of their operational strategies.

The Benefits of The Growth

Economy Growth on the Food Industry

The outbreak of COVID-19 made the number of people who dine out go down significantly. It also influenced most industries negatively. However the sales performance of the food delivery industry in the first quarter of 2020 improved. Foodpanda helped restaurants get through this hard time by delivering their food to customers. Foodpanda also carried out new initiatives in response to the pandemic. Tracking couriers' health conditions and minimizing direct contact also helped control COVID-19 in Taiwan.

The Issues of Foodpanda

Everything is a double-edged blade and always comes with a price. Especially when it's a matter of convenience. Beneath the prosperous surface of Foodpanda and the beneficial service it has brought us, lies multiple social issues of couriers' traffic accidents, couriers strike, rising usage of disposable utensils. With the precedent impact of Uber, as a pioneer of the shared economy platform, came unexpected and unrestricted. Therefore, causing various unforseen social issues. This time with food delivery, we shall proceed cautiously and set up precautions to prevent further damage. In this chapter, we shall go face to face with the social issues of Foodpanda and unravel the mystery of what foodpanda tried to hide from the public.

Definition Explanation

In order to be further on discussing the topic of couriers right, we must first have an understanding on the definition of an employee and a contractor.

Employee: a type of worker which works upon one party has agreed on, and in a certain amount of time or no restriction of time provides one's service. One party shall give the payment according to the contract. In a state of employment, there's subordinate to one's employer.

Contractor: a type of worker, which works upon one party has agreed on. When the job is complete, one party shall give the payment of the contract.

Subordinate Worker: There are five features in a subordinate worker.

1.The worker within the company organization of his employer and obeys employer's authority.
2.The worker has to accomplish the task personally, proxy would not be allowed.
3.The worker can't not offer his/her service to multiple subjects.
4. The worker has no right to refuse the job appointed to him/her.
5.The worker's workplace, work content and workplace discipline are strictly constrained.
(6)

Core Issues of Foodpanda

With the influential and ubiquitous presence of Foodpanda as a food delivery tycoon in Taiwan, comes with equivalent responsibilities of business ethics, and sadly, Foodpanda failed to fulfill their duty. As the growth of Foodpanda, what came with it was the everlasting of negative news against Foodpanda. Within two months from October to December in 2019, food delivery couriers were involved in 333 traffic accidents, causing 365 people injured and 1 dead (1) and the reports of accidents didn't stop emerging but tend to keep on. Slowly, it became a phenomenon that cannot be ignored, and the government had to start interfering to put an end into it.

First, it was thought of as the issue of having no proper management on Foodpanda's side. Then, with the assistance of the authorities to train and set up regulations(2) to the couriers, the problematic issues of Foodpanda seemed to decline and be eradicated. Unfortunately, not long from the release of the regulation, new problems occured. This time, the couriers initiated a strike of decline in payment(5) and asked for the assistance of the Department of Labor to defend worker's rights. Through negotiation, it was acknowledged that the decline in payment occured because of the regulation that intends to give the couriers proper insurance, which is the core issue of Foodpanda's administration system and our law system,

The Difference Between Employee and Contractor

To speak of worker insurance, we must acknowledge the fact that the percentage of insurance fee that a worker must cover differs depending on the type of worker he/she is. An employee would have the company he/she is working for to pay for 70% of the fee and him/herself for 20% and 10% for the government . In contrast, an independent contractor would have to pay for 60% and the government for 40% . This fee coverage difference made the difference of being an employee or a contractor matters hugely and because of food couriers being a brand new type of job, the current law system was unable to determine whether a courier is an employee or a contractor by subordination. Hence, the vagueness now among the couriers and stuck them into a grey area, and Foodpanda has exploited the defect in our current law system to avoid spending too much money on courier's insurance fee.

Top Priority of the Government

To protect workers' rights, the department of labor quickly drafted new regulations like [台北市外送平台業者管理自治條例] , open seminars on driving safety, redefined the definition of subordinate to restrict Foodpanda from exploiting the defect law. Although the mitigation measure has stopped the tragedy of traffic accidents to cease, the true problem of how to protect the couriers with insurance in proper fee was never settled. As the technology progresses, more and more temporary jobs would emerge due to the gig economy, the boundaries between employee and contractor would no longer be distinguishable. Thus, we must abandon the traditional binary concept of distinguishing work types. The government should create new work insurance towards all kinds of jobs, to protect the high risk of workers stuck in the grey area and can't be distinguished, therefore has no insurance to protect them, and to set precautious to be ready for any incoming new jobs.

The Future of the Food Delivery Industry

In the last chapter, issues surrounding the dark side of the food delivery industry were unveiled. This chapter's primary focus will aim to find some solutions to some of the problems, provide initiatives platforms can launch to improve and remain competitive, and discuss the latest food delivery trends.

Platform Improvements

Without a doubt, the food delivery industry has brought convenience and significantly impacted our everyday lives. In order to keep up with the ever-changing world, the industry has ought to innovate and consistently make progress with approaches such as:

1) Target millennials when advertising or taking new measures, for they are the most frequent service users. Promoting via social media and paying attention to the latest food trends are both practical ways.

2) Include more healthy items on the menu. People nowadays pay more and more attention to their health, and by renewing the menu with healthier options, the industry may be able to make more profit.

3)Use big data and algorithms as assistance. With the rapid growth of science and technology in recent years, big data can help food providers analyze vast amounts of data, which can let customers get hold of more relevant ads and products. Doing so may benefit both suppliers and demanders, creating a win-win situation.

4) Carefully choose which restaurants to cooperate with. Food delivery platforms may benefit from choosing the right partner. For example, according to a National Restaurant Association report, 58 percent of people are more likely to single out one restaurant over another if it can prove to be more environmentally friendly.

Environmental issues

More plastic use Before the outbreak of COVID-19, restaurants and shops started to lower the amount of plastic usage because of the government's plastic ban policy. The policy has successfully led to outstanding results, including 70 percent of people chose not to buy the plastic bags after needing to be charged oneNTD for it. However, food delivery platforms were not restricted to the policy, leading to vast amounts of plastic waste produced.

Possible solution Luckily, there are a couple of platforms around the globe that aim just to fix this problem. Take Singapore, for example. Food delivery firms and food container sharing services have partnered up to offer a reusable option that is more environmentally friendly. Customers may choose to have their food delivered in reusable cups and containers. After finishing the food, they can simply return the items to the nearest vendor. Taiwan may try to implement this plan in response to the government's plan to ban all single-use plastic items by 2030. If plastic usage is inevitable, innovative plastics like plant-based or biodegradable may be an alternative. The former is made using wheat, bamboo, and cornstarch, while the latter is made from polylactic acid. Both of them have the merits of traditional plastic without their negative impact on the environment. What's more, edible plastic made from seaweed is also a choice for it creates literally no waste at all.

Greenhouse gas emissions In addition to plastic usage, another concern is the considerable amounts of greenhouse gas emissions during the delivery process.

Possible solution Using bikes may be a solution. In fact, Taipei city offers nearly 400-kilometer long bike lanes for the general public. Doing so may cut down the cost of fuel and contribute to maintaining the earth's sustainability.

Food waste More than a third of the food that is produced has gone to waste. Sadly, this is a shockingly large amount.

Possible Solution To solve this problem, Foodpanda may look up to an application called "Food for All." This application aims to reduce food waste by giving up to a fifty percent off discount for items nearing expiration date. It is obvious that food that is not sold within its shelf life will most likely end up in the dumpster, so selling the item at a lower price is not only a way to at least make some profit but also more importantly, it is better for the environment.

Future Trends

The industry's future is filled with several uncertainties, including whether or not there will still be a demand after the pandemic and other influencing factors. However, there are some trends to expect in the near future.

Drones and Robots Drones or robots may be the new tools used to transfer food in the next few decades. Though it may lead to subsequent issues like the unemployment of couriers, whom to blame if there are accidents, and other safety concerns, it can decrease the delivery time and allow platforms to save enormous salary costs and use the extra fund to either invest or give back to society.

Potential markets According to Raj Beri, head of Asia Pacific, Europe, Middle East and Africa (EMEA) at Uber Eats, "suburban areas or non-metro areas are actually even growing faster than metro areas. It's about three times over what it was last year, and it accounts for, in our case, close to 40% of the volume." In other words, demand for food delivery in suburban areas is proliferating. In contrast to the competitive urban cities, rural areas may provide unexpected business.

Conclusion

In conclusion, the future remains bright for the food food delivery industry. Moreover, people nowadays rely more and more on its convenience. Although it might be difficult to maintain its outstanding sales performance after the COVID-19 pandemic, hopefully the industry can still continue to thrive by taking innovative measures to meet customers' needs.

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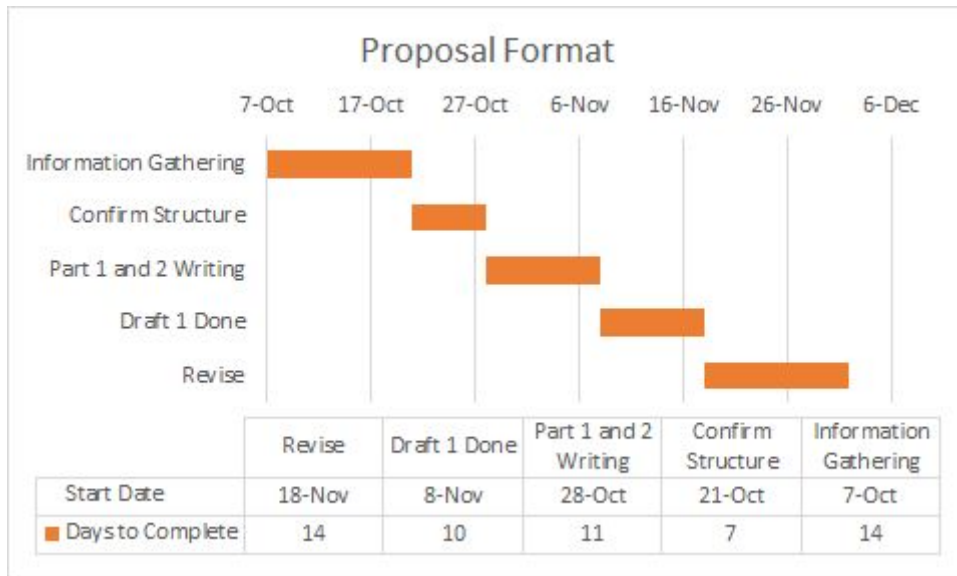
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■ Days to Complete	14	10	11	7	14

Comments from Grace and Becca

Dear Holly, Danny, and Joshua,

Your efforts and team spirit are well admired. Thanks to your research, I have learned more about food delivery services. Please make it perfect by revising it as suggested so that it will be of significant benefit to those who will read the paper.

Here are the guidelines to follow:

1. Check if your arguments are logical. For example, is the transition from the rise of foodpanda to its collateral damage logically shifted?
2. A SWOT analysis could be used to summarize the overall discussion of foodpanda.
3. Methodology should be stated.
4. Citation is required in the thesis.
5. Research questions should be clearly stated.
6. Revise arrangement of headings in APA format.
7. A section covers one key point.
8. The paragraphs in a section are to explain the details of the point.
9. Stick to the rule: Start a paragraph with a topic sentence, then explain the topic and then conclude the explanation.