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# FBM INSIGHTS

UNIVERSITI TEKNOLOGI MARA CAWANGAN KEDAH

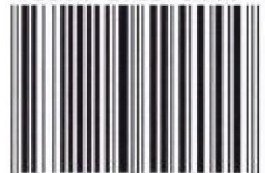
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# **FOOD DELIVERY BUSINESS: A NEW TREND IN 2020**

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## **INTRODUCTION**

According to Milo (2018), the online food delivery business seems to be the fastest-growing food market sector. It is projected to grow to annual revenue of USD 956 million by 2020. Several factors prompted the change in preference of citizens from the traditional offline food delivery purchase to online food delivery service. The most common reason seems to be the need for quick and convenient meals during and after a busy workday. Time-saving is a major contributing factor that influences people's behavioral intention to purchase online (Khalil, 2014 & Orpilla, 2020). Shopping online is time-saving because shoppers do not need to leave the current place to purchase something physically. The various food delivery services that are readily available may help consumers think and plan meals, regardless of whether the consumers are preparing the meal themselves, going to the restaurant and dining in, or going to the restaurant and buying food to bring back the food to their home or office. Many prefer food delivery as this allows them to have fresh and healthy food at their offices or homes while they have the freedom to continue working. Yeo et al. (2017) found that consumers would prefer food to come to them without much effort and to be delivered as fast as possible.

Perhaps another factor contributing to the development of online food delivery services is the growth in the usage of smartphones in Malaysia. Tsang (2017) revealed that in 2016, 17.9 million Malaysians accessed the Internet via their mobile phones and is expected to reach 21.1 million mobile phone Internet users by 2020. The use of smartphones has increased the convenience for consumers to make online orders. The further convenience of accessing online food delivery services through their smartphones could have motivated consumers to move from traditional offline food purchases to adopt online food delivery services. Consumers can now obtain a wide selection of food choices with a single click. According to Kimes (2011) and Davidson (2020), users can utilize new, easy and safe electronic technology. This technology allows consumers to place an order and receive food anytime and anywhere. Making online takeaway has many advantages such as avoiding poor customer service (Chen & Hung, 2015) and prevention of in-store traffic (Katawetawaraks & Wang, 2011 & Orpilla, 2020).

## **FOOD BUSINESS DELIVERY AMID COVID-19 PANDEMIC**

COVID-19 pandemic has significantly impacted the Malaysian economy. Our Prime Minister, Muhyiddin Yassin, mentioned that Malaysia's economy loses an estimated MYR 2.4 billion daily during the Movement Control Order (MCO), totaling to MYR 63 billion, as all business activities were suspended. The implementation of MCO has also greatly affected the rate of unemployment among Malaysian citizens. The employment rate is expected to rise to 4.2% in 2020 due to business closure during MCO (2020). Thousands of Malaysians have lost their jobs and need to find alternatives to pay their commitment and support their life sustainability.

In contrast with industries that are negatively affected by the pandemic, online sales seem to be experience a booming situation. According to the Financial Minister, Tengku Datuk Seri Zafrul Abdul Aziz, the online sales of fast-moving consumer goods increased by 40%. This is due to the changes in Malaysian consumer behavior during the COVID-19 pandemic and making the new usual permanent such as become more comfortable buying online and perform cashless/contactless payment transactions. This trend can be seen in the online food delivery industry as service providers received a surge of demand for food deliveries. This provides an opportunity for unemployed individuals to sign up as a rider with a service provider company as an alternative to earn. A spokesperson from GrabFood revealed that the delivery service increased 30% compared to the week before MCO was implemented. He said that their merchant partners recorded a 25% increase in online revenue through GrabFood, while more than 8,000 merchants signed up with the platform during MCO (Nathan, 2020). As the transport service was heavily affected by MCO, with a 90% decrease in rides, 25% of the GrabCar drivers moved to be riders to support deliveries as it can be an alternative source of income.

Another strong provider in the current market, Foodpanda revealed that new riders who join the company have doubled since the movement control order was enforced. This is because many people have been forced to adapt with the pain of joblessness and have to work from home. According to Foodpanda Malaysia's head of logistic, there had been a 7.5% increase in the number of delivery men for his company and a 37% increase in applications for the job (Chung, 2020). The company welcomed anyone affected economically by the pandemic to grab the opportunity as a temporary rider with them. One example is a person who was a clerk and was retrenched from her job. She decided to be a Foodpanda rider and personal shopper when observing a spike in online shopping and home deliveries. With her current job, she manages to earn at least RM2,000 more than what she previously earned (Hassan & Rodzi, 2020).

However, the food delivery business in Malaysia also faces challenges and difficulties. As reported by the Malay Mail (2020) portal, food riders of Foodpanda and GrabFood face the problem based on their welfare and fare rate. Besides, with food riders flooding the roads, safety issues have gained attention. Observations inferred that many food riders maneuver while looking at the phone screens by merely holding on the motor handle with one hand. Moreover, the issue of not adhering to the road safety rules increases the probability for accidents to occur. One of the causes for riders' disregarding rules is impatient customers who insist on food arriving at the predetermined time. In particular, this situation refers to the Malaysians' attitude who are intolerant without looking at the risks that food riders will face. Hence, although the problems were addressed, it is clear that operating a food delivery business is not easy.

## **CONCLUSION**

The food delivery business was clearly seen as a trend in 2020 and increasing profits could be gained during the COVID-19 pandemic. This unprecedented phenomenon not only occurs in Malaysia but also globally food. Nevertheless, it is even more secure and safer if they place food orders online. This gives a competitive advantage to all traders in particular who sell food and in turn, can work with reliable food delivery companies. However, the food delivery business's challenges or obstacles should be considered and need to be improved regularly to ensure the demand for these services is always consistent. The question is, will the trend of food delivery businesses continue to expand in the future? Therefore, every company that runs a food business should be prepared and need to formulate an initial plan if faced with unexpected environmental threats.

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