STRATEGIES AND CHALLENGES OF SMALL-SCALE ONLINE FOOD BUSINESSES IN THE PHILIPPINES: AN IN-DEPTH STUDY OF SELECTED INITIATIVES WITHIN THE CONTEXT OF COVID-19 CRISIS

A thesis submitted in partial fulfillment

of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

to the faculty of the

DEPARTMENT OF MANAGEMENT

of

THE PETER J. TOBIN COLLEGE OF BUSINESS

at

ST. JOHN'S UNIVERSITY

New York

by

Anna Marie Sales Phillipneris

Date Submitted 4/28/2021

Date Approved 4/28/2021

____
Anna Marie Sales Phillipneris

____
William D. Reisel, Ph.D.

ABSTRACT

STRATEGIES AND CHALLENGES OF SMALL-SCALE ONLINE FOOD BUSINESSES IN THE PHILIPPINES: AN IN-DEPTH STUDY OF SELECTED INITIATIVES WITHIN THE CONTEXT OF COVID-19 CRISIS

Anna Marie Sales Phillipneris

This research examines the Philippine context, particularly Metro Manila and surrounding regions, during the pandemic which made it possible for budding entrepreneurs to come up with new initiatives like online food business operations by which they could earn an income despite difficult circumstances, and for consumers to purchase meals more conveniently.

A survey, divided into six sections, was prepared and sent out to several small-scale food business establishments that operate in the Philippines. Majority of the respondents were female (84%), aged 26 years old and above (96%), with an average total income less than Php 100,000 (US $ 2,000) (68%), and are based in the National Capital Region (NCR) Metro, in the cities Manila and Quezon City.

Based on the anchor points used in this research, the analysis is divided into three main sections: 1) Needs: needs of consumers and entrepreneurs, 2) Interventions: interventions of consumers and entrepreneurs aimed at fulfilling these needs, and 3) Evaluation of the effects of these interventions.

This study looked at some of these small e-commerce food businesses in the Philippine setting, in order to understand their operational structures, strategies and challenges, and analyzed them with the usage of time-tested analytical models. It was done so not merely with the providing appropriate recommendations for their future operation and growth-oriented undertakings, but also to add to the evolving literature on the impacts and repercussions of COVID-19 crisis that has rocked the world.

DEDICATION

For my inspirations –

Mama, Daddy, Maki, and Inay –

without whom I would not have commenced and finished strong.

With love, always, all ways.

ACKNOWLEDGEMENTS

First, I would like to thank my mentor, Dr. William D. Reisel, Ph.D. for accepting me as a thesis mentee and guiding me throughout this journey. I would also like to thank the Management Department's Chairperson, Dr. John Angelidis, Ph.D, and the faculty of The Peter J. Tobin College of Business of St. John's University for imparting the knowledge and skills I needed not just to complete this thesis, but to excel in the real world.

Second, I would like to thank my supervisors and officemates at my workplace, Marvel Entertainment, for continuously supporting me, being lenient with my class schedules, and providing room for me to grow in several aspects.

Third, I would like to thank my high school friends and college friends back in the Philippines for encouraging me to do my best and helping me get a better understanding of the situation back home which significantly helped in writing my thesis. In addition, I would also like to thank them for being one of the respondents to my thesis survey and asking their other colleagues to participate as well. Their responses, time, and cooperation are greatly appreciated.

Fourth, I would like to thank my brothers and sisters from Singles for Christ New York and the rest of my New York family for their understanding and for always keeping me in their prayers. Their uplifting spirits have been a source of motivation and enthusiasm that allowed me to push further each day.

Fifth, I would like to thank my family, most especially my parents, for always believing in me and inspiring me to become the best version of myself. Mama and Daddy, thank you for your loving guidance and support in everything I do.

Finally, I thank God, who is my greatest foundation of strength, wisdom, and peace; for staying by my side through day and night; and to whom I give all glory, honor, praise, and victory.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

With the entry of COVID-19 crisis in early part of 2020, normalcy and life-as-usual scenario in the Philippines was upended in never-before seen ways.

Economically, in the Philippines as in any the part of the world, as one company after another came face-to-face with the reality of reduced business output and unmanageable amounts of revenue losses, most of them were left with no other option but to cut down the number of their employees, cut down the number of hours of work, or else close their doors permanently. As a result, unemployment rates skyrocketed, and fears of an economic crisis began to take hold of the country.

In addition, home quarantines and lockdowns were imposed with the aim of limiting the spread of this deadly virus, hindering consumers from going out of their homes and doing their shopping for groceries and other items from stores, in the same manner as they had been doing all along.

Yet as negative as the economic and working environment might have been during these adversities, and as restrictive as the situation had become for the populace, technology has made it possible for some sectors to grow and expand through e-commerce. In the Philippines, as in most other nations around the world, many entrepreneurial-minded individuals used opportunities arising out of this emerging context to build productive enterprises suited specially to address prevailing challenges.

This research examines the Philippine context, particularly Metro Manila and surrounding regions, during the pandemic which made it possible for budding entrepreneurs to come up with new initiatives like online food business operations by which they could earn an income despite difficult circumstances, and for consumers to purchase meals more conveniently.

Moreover, data gathered from a survey conducted on small food e-commerce business establishments in the Philippines will be presented and discussed to bring to light how these enterprises began to adapt in a pandemic-induced environment, and how they overcame several challenges in order to create profitable businesses. As well, it will elaborate the kind of contributions that these e-commerce businesses are making for the future of the Philippines' business environment.

In addition, this paper will also discuss marketing and business management analytical models that will help analyze the current online environment of the Philippines' food industry to enable existing and potential e-commerce businesses to optimize their growth potential at a maximum-possible level.

Finally, valuable recommendations will be made on the basis of this research, analysis, and findings to serve as a guide for small food e-commerce businesses in the Philippines to better equip themselves for unforeseeable events such as the COVID-19 pandemic.

BACKROUND OF THE STUDY

The Philippines (*Pilipinas*) is an archipelago country located in Southeast Asian region. It encompasses 7,100 islands grouped into three vast territories: 1) Luzon, the north and largest island; 2) Visayas, the middle; and 3) Mindanao, the southern island. Manila, the capital of the Philippines, is part of the National Capital Region (NCR) that is located in Luzon.[1]

With the current population of 110.6 million[2], the Philippines is known not just for white sand beaches of the Palawan Island that serve as one of its popular tourist attractions, but also for loyalties at multiple levels, including family loyalties. It is not unusual to see gainfully employed older brothers and sisters, even if they are already married and have their own families and children to take care of; trying to support their younger siblings by paying for their school fees and shouldering other expenses. *Ninongs* (Godfathers) and *Ninangs* (Godmothers) serving as the caretakers, guides, and unofficial benefactors of their godchildren are not unusual either. This kind of family loyalties, understandably, spills into the political sphere, commercial sphere, and much more in the lives of the Filipinos. Politicians, for instance, rely on family loyalties, of close-knit families and extended ones, to get elected to offices, high and low. In the Philippines, as they say, "Who you know is more important than what you know," and this truism comes into play in employment opportunities, business undertakings, and so on. Online food market endeavors are not expected to be any different as far as family loyalties are concerned.

The local language of Tagalog functions as the official national language, and it is prevalently spoken and understood by almost every Filipino, no matter where they live or work. English is recognized as the second official language. Both Tagalog and English are widely used as the mediums of instruction. The national currency of the Philippines is called Piso or Peso and is issued by *Bangko Sentral ng Pilipinas* (Central Bank of the Philippines).[1]

Economically, with the per capita income of around US $10,000 (Philippine Peso (Php) 484,219) the Philippines remains a developing nation. The unemployment rate stood at 8.7% in October 2020 and the labor force participation rate was 60.5% in January of 2021. Meanwhile, the percentage of people living under poverty line was around 20%.[1] Most impoverished Filipinos live in remote, rural areas eking out a living as farmers, fishermen, etc. It is against this backdrop that we must view Metro Manila, which is composed of 16 cities and municipalities, and adjoining cities and municipalities, which are a study in contrasts.

Take for instance Makati City, that serves as the de facto commercial capital of the Philippines. Filled with high-rise office buildings and condominiums, branches of multinational corporations from all around the world, men and women walking from one office to another wearing designer clothing, chafer-driven Mercedes Benz and BMW cars and other pricey automobiles passing by, Makati City does not look any different from a mid-level city in the United States.

Meanwhile, teaming with the world-class shopping centers, high-end restaurants, and top-class universities, Metro Manila and surrounding cities serve as the locale of mostly well-to-do families that are, generally, in a position to send their children to universities and prepare them for their future filled with hope and optimism.

Most, if not all, of the young entrepreneurs in the Philippines, who have gone into business initiatives, are recent college graduates who are aiming higher and giving it all, to come up in life and to do well as future husbands/wives, parents, and much more.

SITUATION ANALYSIS

COVID-19 Pandemic

The corona virus, now more commonly referred to as "COVID-19", is an airborne disease that is very dangerous and highly contagious, and is known to be caused by SARS-CoV-2 which is short for Severe Acute Respiratory Syndrome Coronavirus 2. The fact that Covid-19 has rocked the entire world and brough it down to a standstill is an understatement.

A person infected with the virus can experience zero to severe symptoms including: cough, loss of smell and taste, muscle pain, fever, difficulty in breathing, headache, nasal congestion, and sore throat. While these symptoms take a few days to show from the first day the person is infected, it takes up to two weeks for the person to get rid of them.[3] Unfortunately, some other victims of COVID-19 have had to deal with the impact of this infection for a longer period to become completely cured if they are lucky. If not, they could also be left with severe respiratory problems needing continued medical assistance. In some other instances, patients, especially elders have not been able to beat back this disease and lost their lives in an untimely manner.

Internationally, the first patient infected with this virus was identified in December 2019 and by March 2020, the corona virus infection was officially characterized by the WHO as a pandemic. As the COVID-19 virus continued to spread all over the world, with the intention of reducing transmission rates and providing more time for the development of effective vaccines, preventative measures have been imposed all over the world such as: social distancing by at least 6 ft, wearing face masks that cover the nose and mouth, frequent hand washing and sanitizing, disinfecting surfaces, etc. People who have been exposed to this virus were also asked to self-isolate and monitor themselves for possible symptoms. In addition, lockdowns, travel restrictions, facility closures, stay-at-home orders, contact tracing, and mass testing measures have been undertaken by countries all over the world to help contain the rapid spread of the virus,[3] and also to reduce the number of casualties succumbing to this dreaded disease.

The Philippine Setting

The Philippines had its first confirmed COVID-19 case on January 30, 2020. By mid-March of 2020, Luzon, was already in lockdown, domestic travel by land, air, and sea were suspended, and Enhanced Community Quarantine (ECQ) was imposed by the government most notably in the National Capital Region (NCR). By August 2020, The Philippines recorded the greatest number of COVID-19 cases in Southeast Asia.[4]

COVID-19 Induced Closures and Cancellations

During the COVID-19 crises, people started panic-buying food and medical supplies which caused major shortages and supply chain problems.[5] In addition, events and functions of all kinds were postponed or cancelled, educational institutions closed their campuses and switched to online classes, and a great deal of businesses were forced to close and shut down either temporarily or permanently. Closure of restaurants and other dine-in places also fall into this category. About 1.1 trillion pesos was lost due mainly to cancelled flights and closures of airports, malls, retail trade, and non-food and non-health manufacturing services.[6]

COVID-19 Induced Job Losses

The Luzon Enhanced Community Quarantine (ECQ) which ended on May 31, 2020 had caused a massive decline in employment levels. Initially, the National Economic and Development Authority (NEDA) estimated that about 1.8 million Filipinos would lose their jobs at a maximum due to the pandemic. However as of December 2020, the number of people who lost their jobs had gone up to 10.9 million Filipinos or so.[7] Of this number, an estimated 7.3 million Filipinos have already lost their jobs permanently.[8]

Loss of jobs and other means of income automatically means economic hardship and the need to tighten belts until such time that they would be able to bounce back and experience normalcy, or whatever is left of the former kind of normalcy. Less money in hand is equal to more sensitivity to what is affordable and not affordable including food items.

COVID-19 Induced Consumer Behavior Changes

COVID-19 has brought about changes in consumer behavior as well. From the end of February 2020 to beginning of April 2020, foot traffic in retail and recreation facilities such as restaurants, shopping malls, and cinemas plunged to 82%. Filipinos also went to the groceries and pharmacies less often which caused a 60% drop on the foot-traffic of these facilities.[9] As cities underwent lockdowns and alternated back and forth between closing and opening businesses for store hours, consumers have changed what, when, how, and where they purchase items, they need or want. According to Big Commerce, despite of hesitations on the part of consumers as indicated by such actions like continuing to question as to how long it would take for them to receive their items, online shopping traffic did increase as consumers began to purchase more from e-commerce stores.[10]

For a long time, the Philippines was known to be one of the countries that still practiced cash-based transactions and adhered mainly to brick-and-mortar shops. COVID-19 however, has forced the country to embrace the digital world. Thereafter, among the Southeast Asian countries, the Philippines had the highest web traffic in online shopping, and reached 4.9 billion total sessions on shopping mobile applications usage which was a 53% increase from pre-COVID era.[10]

In the next section, we will discuss the Philippines' online food delivery marketplace in general, before concentrating on the online food delivery market in the Philippines.

Online Marketplace

Currently, as far as commercial activities and transactions are concerned, e-commerce is the re-incarnation of olden day gold mines, that proved to be the source of wealth, and fortunes of individuals and corporations from all around the world.

As online sites and mobile applications like Amazon, Ebay, Alibaba, Uber, Etsy, and other such sites have taken the centerstage helping their owners and operators become millionaires and billionaires, many times over; brick-and-mortar stores have been struggling to keep their heads above the water, a good number of them, in fact, have closed their doors permanently due to their inability to cope up with the modern trend of on-line transactions.

We do not have to go too far to observe this trend, except to see all those malls, in one place after another, being closed and abandoned like the Greek Parthenon that once was in a glorious state but has been stripped of all glory, in all probability, once and for all.

In this manner, even though the above-mentioned online sites dominate the field, they are not the only players in this ever-expanding and continuously profitable online-business environment.

Other minor players, like Singapore-based Grab, have also entered the market and continue to do so, their entries and expansions being propelled to the front-line especially during the COVID-19 pandemic that has forced people to mainly stay home and look for ways of doing their shopping activities via the online terrains.

The Philippines is no exception to this emerging phenomenon, even though it was not the first. Ever-increasing internet and social media presence and usage by more and more Filipinos, have prompted the country to pursue online business activities. It is within this space that many small e-commerce businesses in the Philippines including small-scale online food businesses are mushrooming day by day.

Online Food Delivery Marketplace

By means of the online food delivery services, businesses can operate in a limited amount of space, if needed, and thus reduce their overhead operating costs. From an economic perspective, this offered more opportunities for employment most especially for riders/drivers who deliver the food orders to the customers. It also helped consumers to continue purchasing without needing face-to-face contact with vendors or storekeepers.

According to Statista, The Digital Market for online food delivery can be categorized into two segments: Restaurant-To-Consumer and Platform-to-Consumer. Restaurant-to-Consumer includes the deliveries that restaurants directly carry out through their own website or direct calls, in that they do not usually employ the food delivery apps like GrabFood, and Food Panda. Platform-to-Consumer on the other hand are the ones that are in need of 3rd party food delivery. In that sense, they do not handle their own delivery processes.[11]

The 3rd party food delivery marketplace is a centralized hub or portal for restaurants and food outlets for consumers to explore and order food from. Orders and payments are received and executed in a single platform and deliveries are processed either by the food establishment itself or a 3rd party delivery service.[12]

These 3rd party online food delivery marketplaces earn revenue by charging commissions from each customer order, just as many other 3rd party booking agencies have been doing for a while now. In addition, most of these online food delivery marketplaces, for a fee, also offer marketing and advertising options within their respective mobile applications to help increase the exposure of the food vendors.

3rd Party Online Food Delivery Market

Even as the advent of 3rd party online delivery systems continue to take hold of the Philippines, food delivery applications have provided better access to prepared meals and enabled food establishments to continue operating during the pandemic.

From a consumer perspective, groups and individuals are offered easy access to a wide range of food options that are available beyond their local surroundings. By doing so, online food delivery apps help expand the food environment of a certain group or an individual a broader arena than their current location. These online food delivery apps require efficient real-time delivery services.

As far as the Philippine environment is concerned, before the beginning of the pandemic, most of the food delivery apps were available only in urban areas but because of quarantine measures, delivery service apps have become more prevalent.[13] At the beginning of lockdown however, all public transportation services were suspended hindering operations of food deliveries. Yet, shortly thereafter, delivery apps were permitted to operate. In August 2020, food establishments in Metro Manila could operate and deliver 24/7, beyond curfew hours.[14]

The top food delivery apps in the Philippines are GrabFood, FoodPanda, and LalaFood. In February 2021 however, Lalafood was discontinued. Nonetheless, mobile applications experienced significant sign ups from food retailers during the pandemic[15] and food businesses saw mobile delivery applications like Grab as a need and means to survive in the midst of the pandemic.[16]

By way of elaboration, we could state that GrabFood is an arm of a larger mobile application start-up umbrella called Grab. Based in Singapore, this application has become Southeast Asia's "super-app" for various services including rides, financial services, health care, digital payments, and deliveries. In this connection, other than GrabFood which obviously is aimed at food delivery services, Grab has also added GrabMart and GrabExpress that are oriented towards the delivery of daily goods and parcels respectively. By means of such expansion, Grab's delivery services have grown by about 20-30% during the COVID-19 pandemic.[16]

In an interview with Fortune, Grab CEO Anthony Tan said that before the pandemic, these delivery services and digital payment options were only deemed as "nice-to-have" by businesses. These days however, they have become a primary source of business for many retailers. Grab is now classified as an essential service in some Southeast Asian regions.

> *"A lot of SMEs were traditional, mostly offline. Penetration of food and grocery e-commerce, and mobile payments was still very slow. COVID took what was clear about the future and brought it forward by years."* (Tan, Anthony – Grab CEO)[16]

Potential Growth in the Philippines' Food E-Commerce

In 2020, there were about 8.8 million users of online food delivery apps. (See Table 1) By 2024, projected user penetration rate rises to 12.7% (See Table 2) which will increase number of users to 14.7 million. These forecast projections have been adjusted by Statista for expected impact of the COVID-19 pandemic.[17]

The projected revenue for online food delivery in 2021 is US$ 312 million with US$ 218 million in Restaurant-to-Consumer and US$ 3.5 million in Platform-to-Consumer (See Table 3). The Restaurant-to-Consumer segment has a projected 12.4% annual growth rate making the expected revenue US$ 310 million by 2024. On the other hand, Platform-to-Consumer has a high expected annual growth rate of 19.4% (See Table 4), making projected revenue US$ 161 million by 2024. The average revenue per user

(ARPU) for Platform-to-Consumer is also higher than Restaurant-to-Consumer, with US$ 25.66 and US$ 23.87 respectively (See Table 5).[17]

Roadblocks in Online Operations in the Philippines

Against this unfolding scenario, there are still several other challenges and roadblocks on the usage of online platforms in the Philippines:

First is the internet speed available in the country. In July 2020, the fixed internet speed was 22.74 Mbps, and mobile broadband speed was 16.17 Mbps.[18] In comparison, in the US, the nationwide average internet speed is 50.2 Mbps,[19] and the mobile broadband speed is 53 Mbps.[20]

Second is in logistics and distribution. Not all items can be transported for long distances, especially perishable items like food. The lack of cold chain storage limits vendors of perishable items to deliveries within a certain distance only.

Third is the digital payment penetration in the Philippines. *Banko Sentral ng Pilipinas* (BSP), the Central Bank of the Philippines, reports that an estimated 66% of Filipinos do not have bank accounts or do not use banks at all. Only 8% of Filipinos have credit cards.[18]

Responding to Online Operational Challenges

To meet some of the above challenges, E-commerce platforms are quick to adapt to this environment by providing a Cash-On-Delivery (COD) payment option and a payment center option. Examples of payment centers are leading convenience stores like Mini Stop and 7-Eleven, and local express delivery services like LBC. This has also reduced the security concerns of consumers who are wary of transacting online due to weak cybersecurity control mechanisms.[18]

In addition, telephone companies, banks, and fintech start-ups have rolled out e-wallets such as PayMaya by PLDT, GCash by Globe,[1] and PESONet by BSP. These e-wallets allow the "unbanked population" to transfer funds in the Philippine Peso currency to another user of the participating bank, e-money issuer, or mobile money operator.[18]

[1] PLDT and Globe are two of the largest telephone companies in the Philippines

ANALYTICAL DEVELOPMENT

There are three analytical theories that will be used in this paper: 1) Ansoff Matrix; 2) Porter's Five Forces; and 3) Consumer Buying Process Model.

Aspects of these theories will help us better understand the strong and weak points of the online food market operations, the online consumer behavior, and the growth potential opportunities within the online food business environment. Such an understanding of both the online food marketplace and online consumer behavior in the Philippine context, will be beneficial for successful operations of food e-commerce businesses by current and future entrepreneurs.

Ansoff Matrix

The Ansoff Matrix, published in the Harvard Business Review in 1957, is a tool developed by H. Igor Ansoff that analyzes the risks involved in business growth. It explores the opportunities in both market and product growth strategy by analyzing the business' existing and new products, and existing and new markets. The Ansoff Matrix presents four (4) possible strategies:

- Existing Market x Existing Product = Market Penetration
- Existing Market x New Product = Product Development

- New Market x Existing Product = Market Development
- New Market x New Product = Diversification

Before we investigate these four strategies presented by the Ansoff Matrix, let us first define the existing and new markets and products in Philippines' online food industry.

The existing market are the 3rd party food delivery applications such as GrabFood and Food Panda, and they already have an existing customer base for online purchases. The new market are the food e-tailers' online platforms outside of the 3rd party food delivery applications such as own website and social media accounts. The existing products are the type of food and/or meals already offered by existing food e-tailers and are commonly ordered by consumers. The new products are types of food and/or meals that have not been offered to the market yet and are new trends that consumers would like to purchase. In the Philippine context, a couple of food trends that rose during the pandemic are *ube pandesal* (taro flavored bread rolls), baked sushi, and tuna pies.

Given the current fast-growing rate of technology and innovations, online businesses cannot just stick to their usual business operations. They need to continuously find new ways to increase their profits and reach new customers. The online food industry is a growing market in the Philippines since the start of the pandemic. The Ansoff Matrix will present the risks and optimal solutions described below:

Market Penetration (Existing Market x Existing Product)

The first strategy, Market Penetration, looks at selling existing products in existing markets. Food e-tailers can take advantage of the marketing features found within the online food delivery apps to increase their visibility. If used correctly, it gives food e-tailers a higher chance for consumers to see them on the first few options in their suggestions or searches. Maintaining good reviews help a lot specifically if there are no significant price differences.

Selling existing products to existing online marketplaces allows e-commerce businesses to increase their market share and potential to grow organically. With this strategy, e-commerce businesses can introduce a loyalty scheme among its customers by launching price reduction sales or other special offers and promotions. Given that market penetration is all about increasing promotion and distribution efforts, e-commerce businesses can also decide which of their existing products they need to focus on promoting that will guarantee growth returns.

Product Development (Existing Market x New Product)

Product development promotes new food trends to current online food delivery platforms. In the e-commerce industry, it is a bit of a challenge to persuade existing customers to purchase something new online as they will most likely choose something that they have already tried and turned out to be a satisfied purchase. Building brand loyalty can also help in the sales of new products that are being introduced.

Once a loyal customer base has been built at least within the existing market, it is easier for food e-tailers to offer and promote new types of food and/or meals to customers. Riding the waves of new food trends can be very helpful and if a food e-tailer gets to be one of the first few vendors to offer a specific trend, they do not even need to use the marketing feature within the mobile applications to appear on top of the searches. This is also an opportunity to build a customer base. If a consumer wants to catch up and try a certain food trend, their priority will be to search for someone who already sells the food or meal item that they are looking for.

Market Development (New Market x Existing Product)

Market development investigates selling and/or promoting existing products within a new market. In this case, the new online market would be online platforms outside of the existing online food delivery platforms. This will include the food e-tailers' own websites and social media accounts such as Facebook and Instagram. Filipinos are heavy users of social media and some orders can come through Facebook and Instagram. Creating quality content and being responsive in these online platforms will expand market reach, increase customer base, and reduce the costs incurred within the mobile applications fees.

Using a different sales channel that they are not familiar with can be a challenge but with this strategy, the idea of expanding sales on a new platform presents a big opportunity. Businesses will need to find ways on how they will segment their target market in these online marketplaces and how they will target these different customer segments.

Diversification (New Market x New Product)

The final strategy is Diversification which is the riskiest out of all four (4) strategies because here, a business is trying to sell new products to new markets. Later, in the Porter’s Five Forces Analysis, it will be explained that barriers to entry are low but bargaining power of buyers is high. The new products that a new online business wants to offer should satisfy a current need; otherwise, consumers will most likely not want to purchase.

If a food e-tailer has built up strong online platforms outside of the online food delivery mobile applications, it will be easier for them to promote new products. Building up customer loyalty will play a significant role in having consumers try and purchase new offers.

The online food marketplace is a growing industry[17] and there are several areas to explore. The Ansoff Matrix presents different strategies that food e-tailers can take depending on the stage they are in in terms of e-commerce operations and on which type/s of market and product they want to focus on (See Figure 1).

Porter's Five Forces

The Porter's Five Forces analytical model was created by a Harvard Business School professor named Michael Porter and was published in 1979. This tool is used to analyze an industry's competitiveness, attractiveness, and potential profitability in the long run. By understanding the industry using this model, a company will be able to better adjust their strategies, explore their advantages, strengthen their weaker points, and avoid making wrong decisions in the future.

Before the pandemic, business environment in the Philippines, as pointed out earlier, has been accustomed mostly to cash-centric transactions and brick-and-mortar stores. The COVID-19 pandemic has pushed existing businesses towards digital operations and has also introduced opportunities for individuals to create their own online businesses. The Porter's Five Forces framework will help us analyze the advantages and disadvantages of entering the online business industry in the Philippine setting. Furthermore, this model will also help businesses analyze competitors within their specific industry and their own positions vis-à-vis their competitors. This model looks at five (5) forces that determine competitive intensity: 1) Competitive Rivalry; 2) Supplier Power; 3) Buyer Power; 4) Threat of Substitution; and 5) Threat of New Entry.

Competitive Rivalry

Competitive rivalry section looks at how a small-scale online food business initiative differentiates itself from its competitors. Looking at the food e-commerce industry, we can see that the level of competitiveness is high due to the large number of players within the market. Increasing the level of differentiation among competitors can be quite difficult as more than one small-scale online food business can offer the same type of food or meal to the market. Being in a saturated marketplace with numerous competitors, a food e-tailer would ask, "In what areas am I better than my competitors?".

Aside from pricing differentiations, via perhaps aggressive price cuts, and maintaining or even increasing the quality of food items, vendors should also pay attention to the quality of the service such as on-time deliveries and responsiveness in the online platforms. Since food is a perishable item, and that there is a distance limit and a time limit for the food to be delivered in its best condition to the customers, the delivery aspect of an online food business assumes a preeminent role. Further exploration of how actual online food retailers in the Philippines differentiate themselves from their competitors was done through an online survey – the results of which are found in the analysis section of this paper.

Supplier Power

It is possible for Supplier Power to refer to the way small-scale online food businesses acquire their ingredients and materials to produce their final food and/or meal product, and the suppliers who help fill such need. In this instance, supplier power would take a look at the number and size of potential suppliers, how easy it is for supplier power to drive up costs for input, and the costs involved from switching from one supplier to another. When there are more supplier choices, it is easier for the market players to switch to a cheaper alternative. Understandably, having fewer suppliers will mean that these suppliers can charge more from their market players.

On the other hand, Supplier Power could also possibly refer to the way such suppliers as the delivery riders hired by the food vendors themselves or obtained from 3rd party riding services; and the ones aligned with small e-commerce merchants like GrabFood and food Panda, operate within the Philippine context.

In so far as the "restaurant-to-consumer" initiatives are concerned, the merchants mostly rely on their online presence on social networking sites like Facebook and Instagram, and handle their very own delivery system from receiving the orders, processing the payment and order, to management of deliveries through their own personnel or 3rd party riders. In this case, there arises a need to pay attention to 3rd party riders, because their services are valuable in delivering orders on time, and in some instances reception of payments as well.

On the other hand, as far as "platform-to-consumer" are concerned, basically all of the supplier power is assumed by 3rd party online marketplaces like GrabFood and Food Panda. Orders and payments are processed through the mobile application and they also provide their respective riders. This latter aspect provides a higher advantage to the suppliers therefore increasing their power over those who do not avail of these services, and thus are limited to their operations by social networking sites like Facebook and Instagram. (See Figure 2)

Buyer Power

In buyer power, we will look at the consumers' access to information, the food e-tailers' online presence, and the availability of payment platforms for the consumers. Buyer power is also of medium to high importance, depending on which online platform the food e-tailer is in.

With today's technology, consumers have access to all types of information with a single click from their mobile devices. It is easy for consumers to compare prices and judge the quality through their social media following and online reviews. Location services installed in mobile devices and applications also help consumers in looking for nearby food e-tailers that can deliver to them quickly.

Online presence of food e-tailers is not limited to food delivery mobile applications, it can also be extended to social media platforms like Facebook, Instagram, and so on. Food e-tailers' online presence outside of the food delivery mobile applications help in expanding their reach more specifically in social media. Consumers who are pleased with their purchases are more likely to share their experiences on social media platforms and tag the food e-tailer's account. The more people share their positive purchase experiences, the more likely it is for food e-tailers to gain new customers. The "online following" of a food e-tailer can serve as a validation of their reach, credibility, and quality – the more likes and followers, the more credible they become.

Availability of payment platforms is also important for consumers. If they do not have a viable and practical means of payment, the order would not be complete.

Obviously, Buyer Power is not something that the vendors can take for granted. Keen and acute awareness of this factor will go a long way in any vendor's survival and success. Understanding the consumer side of business is as important as it is to understand the operational and competitive side of it. Such understanding would be greatly beneficial in guiding food e-tailers on how they will present themselves via different online platforms.

Threat of Substitution

The threat of substitution, in our case, is very low. Individuals or families cooking their own food at home, or consumers deciding to eat outside are some of the probable substitutes for online food delivery services. During the pandemic however, due to the fact many of the non-essential businesses have been forced to suspend their operations, the chances of eating out are mostly non-existent. Individuals or families can decide to cook their own food at home, yet because of the effects of the COVID-19 pandemic, most of them do not have the time or energy to do so. Hence, they opt for online food delivery instead and therefore decrease the overall threat to substitution.

Threat of Substitution looks at the likelihood of customers finding a substitute that will help fulfill their need. A company's position in the industry can be weakened if there are more substitutes that offer better quality, better prices, and better overall satisfaction.

Threat of New Entry

The last force is the Threat of New Entry which measure the ability and ease of new players entering the market and gaining a foothold within a specific industry. It encompasses the capital and costs of entering the market, investments in technology, profit return timeline, one's knowledge on the product and/or service, and access to distribution channels. Threat of new entry in the food e-commerce industry is high.

It does not take much time and money for food retailers to enter the food e-commerce market. The barriers to entry are low as it does not take much capital to enter. There is not much need for hiring a sales force, access to other channels, and physical assets.

In this way, we could see that the very same elements that were helpful in one's entry into the food e-commerce and establishing oneself as a food e-tailer can become the negative forces working against them as well.

However, one's early entry into a specific market sector can be advantageous in the sense that they would gain consumers and credibility early on, establish their reputation as reliable good-quality vendors, maintain their foothold on a long-term basis, and also lay groundwork for future growth and expansion.

By way of summary, what we can learn from the Porter's Five Forces model is that although it is easy for food retailers to enter the online food business world and become food e-tailers, there are several potential challenges they need to face to become successful in the industry (See Figure 3). Early entry and building up online presence are extremely important especially because the online food market is becoming more saturated during the pandemic. In a pandemic-induced environment, substitutes to online food delivery are not that strong and this places the food e-tailers at an advantageous position.

To understand further the consumer side of any transaction, next, we take a look at the consumer buying process.

Consumer Buying Process Model

The Consumer Buying Process analytical model was proposed by John Dewey in 1910. Gradually, however, this model has been expanded to six (6) different yet connected stages: 1) Problem Recognition; 2) Information Research; 3) Evaluation of Alternatives; 4) Purchase Decision; 5) Purchase; 6) Post-Purchase Evaluation. These six (6) steps are all crucial in the process of getting a consumer to buy a product, and possibly become a repeat customer.

Using this framework, businesses can look at the different stages consumers go through when they are thinking about purchasing a product and identify the areas they can improve on as they enter the e-commerce industry (See Figure 4).

Problem Recognition

The first stage of the consumer buying process is the consumers' ability for problem recognition. In this stage, the online businesses need to consider how consumers experience problems that cause them to have a certain need or want. Consumers either have a natural need for something or they are being influenced by external factors that cause them to want something. Consumers buy products to solve this problem.

Food is an essential need and because of the restrictions brought about by the COVID-19 pandemic, online food deliveries somewhat became a necessity for individuals and families who were unable to prepare their own meals at home. Aside from this natural need, new food trends also made their way into social media that made consumers want to try them. With consumers being in quarantine or lockdown and with adequate spending power, purchasing a food items that has become trendy, which consumers want to try can be done in just a few taps/clicks on their mobile devices.

Information Research

The next step is Information Research. This is how consumers find information about fulfilling their needs/wants and is usually where businesses use promotion to stimulate consumer demand.

Consumers will search from online food delivery mobile applications first because these platforms offer a single hub for consumers to search and complete their orders. Social media can only go so far with the use of hashtags and tagged locations in gaining customers but providing more information in these social media platforms can help persuade consumers to choose a certain food e-tailer over another.

Evaluation of Alternatives

Once consumers have done their research, the next step is the Evaluation of Alternatives. Various but similar online businesses may have the tendency to sell the same type of products that are hard to distinguish from one another. The reality is complicated by the fact that it is quite easy for consumers to compare products online as everything can be found in one device and in similar online marketplace platforms. The reputation of a particular e-commerce business is very crucial in this step as this can highly influence the consumers' choice.

Creating, uploading, and sharing good content increase the likeliness of a consumer to choosing a certain food e-tailer as an alternative over its competitors. In addition, good reviews provide better insight to consumers on how well food e-tailers perform in terms of their service, the quality of their food, and how satisfied their customers are. This step replaces the in-person or face-to-face contact, hence the crucial importance of creating a good online image cannot be underestimated.

Purchase Decision

The fourth step of the consumer buying process is the purchase decision. This does not mean the customer will buy the product – customers can still walk away and decide not to push through with the purchase. It is important for e-commerce businesses to find ways to bring them back if they walk away. This may be a little more difficult because there is no face-to-face interaction. One way of doing this is to look for customers who have left items in their carts and never checked out. E-commerce businesses can retarget them by offering special promotions and/or discounts to further push them into taking the purchase action.

Purchase Action

The Purchase Action step is the most significant of all the above, because without an actual purchase action, everything else will be worthless and meaningless. Online business entities must make sure that their purchase process is a seamless process. They are responsible for constantly checking that their platforms are functioning smoothly from the perspective of their consumers. Are there too many steps? Is the application or platform loading too slow? Are the payment platforms working securely? These are just a few things that e-commerce businesses need to check to ensure that the online purchase experience remains convenient for the consumers.

Third-party online marketplaces like GrabFood and Food Panda, in the Philippines, have already been providing a seamless way for consumers to fully process their orders. On the other hand, if the online food retailers want to avoid exorbitant fees charged by these mobile applications, they must ensure that their own ordering and delivery system run smoothly and that consumers will not encounter any problems while the order is being fulfilled.

Post-Purchase Evaluation

The last step is the Post-Purchase Evaluation where consumers decide on how they felt about their purchase. This is the step where consumers usually experience cognitive dissonance or buyer's remorse. Online business initiative must make sure that they keep their consumers happy, not merely to avoid returns, but also to encourage repeat purchase. E-commerce businesses may also follow up with their customers via the online marketplace platform or e-mail to thank them for their purchase, and possibly to ask for a review and points of improvement.

Online food retailers are expected to have a clear understanding of these separate, yet linked processes and utilizing them for their own advantages. As consumers attempt to solve their food problem by searching the online platforms and fulfilling their need by choosing the best possible solutions in procuring the kind of food that they need/want, vendors have to pay intense attention to how they help address the food problem needs/wants of their customers, if they want to maintain and grow their business in profitable and sustainable manner. As well, evaluation of interventions undertaken by the vendors is necessary not just to see that the customers are satisfied and contented about the food items they had purchase, but also to find out the ways in which vendors could improve their services.

By way of summary of these theoretical considerations, we could see that while all four elements of Ansoff Matrix; and the Competitive Rivalry and Supplier from Porter's Five Forces; as well as Problem Recognition (by vendors) and Post-Purchase Evaluation from Consumer Buying Process deal with the vendor side of the business dealings; the rest of the elements namely Buyer Power from Porter's Five Forces as well as the Consumer Buying Process pertain to the side of the consumers themselves.

Meanwhile, the main takeaway from the Consumer Buying Process model is that there is an integral connection between a) Vendors' recognition of customer needs, both on the part of the consumers as well as that of the vendors; b) interventions and initiatives undertaken by consumers as well as vendors to address these needs on the part of the consumers; and c) evaluating the outcomes and results of these interventions in order to make sure that the consumers are contented with their purchases.

In other words, based on the Consumer Buying Process Model, we could come up with three main anchor points: 1) Needs (of consumers and of vendors); 2) Interventions and initiatives (by consumers and by vendors); and 3) Evaluation of Outcomes aimed at future improvements.

In the following section, we will apply the insights gained from these analytical models, as well as the main anchor points gained primarily from the Consumer Buying Process Model, in analyzing the responses received via our survey questionnaire. Such analysis will lead to valuable recommendations that will guide existing and potential online food retailers in the Philippines on how to address, respond, and adapt to various circumstances, including unforeseeable events such as the COVID-19 pandemic.

RESEARCH METHOD

With the intention of learning more about the situation and opportunities within the Philippines' online food industry, a series of questions were prepared and sent out to several small-scale food business establishments that operate in the Philippines. This survey was divided into 6 sections (See Appendices on Page 79): 1) Demographics; 2) Entrepreneurial Involvement; 3) Business Practices; 4) E-Commerce Business; 5) Online Food Delivery Marketplace; 5) COVID-19 Impact.

The purpose of this survey was to identify the primary influences that prompted entrepreneurs to get into small-scale online food business, to find out some of the challenges they faced in a pandemic-induced environment and to gather information on the practices that can be of help in creating a profitable environment for the current and future small-scale businesses in the Philippines. In addition, this survey was also intended to bring to light the advantages and disadvantages of using existing 3rd party food delivery mobile applications like GrabFood and Food Panda, and the benefits of maintaining and improving personal online platforms such as social media accounts and entrepreneur-owned websites.

Primary data for this study were gathered between April 2 to 5, 2021 using Google Forms and social media accounts on Facebook and Instagram. A personal message, including the Google Form survey, was sent out to 10 initial respondents who had

Facebook and Instagram accounts for their small-scale online food businesses based in the Philippines. There was no reward system to encourage the respondents to answer the survey. Some of the initial respondents forwarded the survey to the family members, friends, and colleagues who are also in the small-scale online food business industry, thus adding an additional 15 respondents. After receiving all these 25 responses, the Google Form survey was closed. The results were then exported from Google Forms into an MS Excel file for ease of analysis.

For purposes of probity in analysis and to maintain the anonymity of these respondents, they were assigned numerical numbers like RS01, RS02, RS03, etc. on the basis of the order in which these responses were received.

The survey used different types and formats of questions ranging from radio buttons, check boxes, short answers, open-ended questions, and five-point Likert scales (1 – not important/not effective; 5 – very important/very effective).

Summary of results and answers for these open-ended questions will be highlighted in the following analysis section.

ANALYSIS

Majority of the respondents were female (84%), aged 26 years old and above (96%), with an average total income less than Php 100,000 (US $ 2,000) (68%), and are based in the National Capital Region (NCR) Metro, in the cities Manila and Quezon City (See Table 6). 64% of the businesses were established in year 2020 (See Table 7), shortly after COVID-19 pandemic had started and was beginning to have an impact on the business sector, as it was in any other sector that one could think of, in a highly negative manner.

Further, based on the anchor points of the above-given theoretical framework, primarily on the Consumer Buying Process Model, this analysis is divided into three main sections: 1) Needs: needs of entrepreneurs and consumers, 2) Interventions: interventions of consumers and entrepreneurs aimed at fulfilling these needs, and 3) Evaluation of the effects of these interventions.

Needs

Consumer Needs

It is based on presumed-needs on the part of the customers, by means of Problem Recognition[2], that vendors come up with their products and services so that they would be in a position to deliver them to the purchasers as and when they would need them.

Natural needs and new needs and wants arising from external factors like marketing campaigns can be included in this category of consumer needs.

Such presumptions on the part of the vendors, about the customer needs that have not yet been expressed, are mostly not mindless presumptions; instead, they are calculated presumptions that take into consideration several factors like the potential risks involved in entrepreneurial undertakings, potential profit margins, pros and cons of entering into commercial activities and much more.

Taking into consideration those calculated presumptions about the potential needs of their prospective customers that the entrepreneurs who have responded to our survey questionnaire have embarked on their food business undertakings.

[2] As found in the Consumer Buying Process Model by John Dewey

It is understood on face that entrepreneurs too, have their own needs in mind when they venture into any kind of business operation, whatsoever.

Entrepreneurial Needs

In small-scale food business area as well, among those surveyed, four (4) different types of entrepreneurial needs were identified and isolated, namely:

i. Finding a way to earn extra income.

Even though majority of the respondents have other sources of primary income, like being employed in some other place mostly on full-time basis, a good number of them consider their small-scale food businesses as a secondary source of income (76%) (See Table 8). In this way, we could see that it was their desire for an additional means of income that prompted them to establish their food businesses.

For instance, respondent #10 says the food business provided an

> "Additional source of income, [and] continue parents' food business (catering service at schools and work cafeterias, that was suspended due to the pandemic." (RS10, Q8)

And respondent #18 indicated that the food business provided an extra source of much needed discretionary allowance as a college student. (RS18, Q8)

People everywhere look for a secondary source of income, including in the US, but the need for extra income gains even more significance in the Philippines, because of the meagre salaries that the Filipino employees receive vis-à-vis the high cost of living that Filipinos have to handle on a day-to-day basis.

ii. Finding a way to use their extra spare time at hand, induced mainly by the COVID-19 pandemic-related restrictions on movements, in a profitable manner.

Next to their desire for extra income, another main reason that prompted them to start new businesses was the fact that they had enough free time in their hands due to pandemic-related lockdowns.

For instance, respondent #11 points out that his/her reason to start a business initiative was

> "To create a new source of income during this pandemic." (R11, Q8)

Hardworking Filipinos, as in the case of industrious people anywhere else, usually look for ways of using their spare time in a profitable manner, and that is what we are witnessing in this situation too.

iii. Trying to come up with an initiative that would be of help to their family members – like moms and aunts – in finding a stable means of livelihood.

As respondent #13 points out:

> "Food is a necessity; I want to give this (i.e., our new business) as a gift to my parents." (R13, Q8)

And respondent #14 notes:

> "Our food business has been around since 1995, but I encouraged my mom and *ninang* (godmother) to bring it online to earn more income during the pandemic." (RS14, Q8)

Taking into consideration the high premium that the Filipinos place on family connections and close family relationships, it is not surprising that some of these entrepreneurs are thinking not merely about themselves but also others from close family circles, like their mom or godmother, and are attempting to devise a way to help them earn an income on their own.

iv. Turning a pastime activity into a professional and profitable enterprise.

The usual pattern of amateurism giving way of professionalism is at work here.

As an example, respondent #03 says:

> "It was our side [hustle] at first because my partner and I had our fulltime jobs before. But when the pandemic happened, we decided to focus on our small business." (RS03, Q8)

And according to respondent #15,

> "I initially had time working on my baking skills then I saw the potential to earn on the side." (RS15, Q8)

Neither the consumers nor the entrepreneurs are simply left with felt-needs alone. They also usually look for ways to address their needs in a meaning manner. That is where the needs-fueled consumer and entrepreneurial interventions come in.

Interventions

Consumer Interventions and Initiatives

i. Buyer Power (Porter's Five Forces)

In general, consumers are not passive entities who simply wait around for the vendors to come along to help them address their needs for services, goods, and items. Nor do they simply take the veracity of words of the vendors for granted and purchase products in an unquestioning and unexamined manner. As much as possible, consumers do their own part of the work in trying to find good quality products that they could purchase in a less expensive fashion, and cheaper services in comparison to expensive ones available in the marketplace.

Further, aspects like Information Research, Evaluation of Alternatives, Purchase Decision, and Purchase Action, as pointed out in the Analytical Models Section, also come into play in this part of the business transaction process.

ii. Information Research (Consumer Buying Process Model)

To put into action, all or some of the above aspects, in this day and age, consumers do not need to go from store to store or from one vendor to another as they used to do in the olden days so that they could compare the quality and process of the items that they plan on purchasing for themselves.

Instead, as ease of access to smart phones and computers, as well as ever-expanding internet services and social media platforms help consumers in searching for and comparing the quality and prices of items being sold by different and competitive vendors; and also, in learning about the "trustworthiness" of the vendors in question by going over the ratings and reviews that their previous customers have left behind for the benefit of the customers who come after them.

In addition to these ratings and reviews, secure payment systems have also been a factor in the trustworthiness of online business practices. In many instances, if not in the food business sector, if the customers feel that they have been defrauded in one way or another, or that they have legitimate grounds for complaints, they have the option of requesting a refund from the online payment companies that helped process transactions.

Not far behind is the increasingly user-friendly nature of technological innovations that are being integrated, among other areas, into the online marketplace operations as well.

All these and more add an extra level of convenience and confidence that consumers seek when purchasing online.

As an indicator of the importance of electronic media in business-related initiatives, the survey-respondents point out that majority of their first-time customers and repeat customers come from direct orders which include direct calls, texts, and messages from social media platforms (100% and 96% respectively) (See Table 9).

According to the Digital 2020 April Statshot report by Hootsuite and We Are Social, 64% of Filipinos are spending more time on social media and there is a 23% increase in online shopping.[21] Filipinos are known to be frequent users of social media. Out of 108 million Filipinos, about 76 million are active social media users. 75 million are on Facebook and Instagram, 12 million on Twitter, and 4 million on LinkedIn. The daily average for social media usage and/or exposure in the Philippines is 4 hours on mobile phones and 5.2 hours on desktop or tablets. Most internet users are known however, to gain access through smartphones with a penetration rate of 48.8% on Filipino households.

Though most of these online activity and social media usage are intended as recreational activities, increasing numbers of Filipinos are beginning to use them for purchasing purposes including food items of one kind or another.

For this reason, businesses and marketing companies continue to use social media as platforms for promotion and advertising as they have been proven to reach a broader market and produce reliable growth outcomes.[22]

iii. Evaluation of Alternatives

Our respondents also indicate that as customers browse through small-scale business entities like GrabFood or food Panda; or though the websites and social media accounts of small-scale food business owners; they look for several factors that would help them decide which vendors to choose and which food items to order.

Three of these factors are: affordability of products and services (especially during the COVID-19 induced environment wherein consumers have become more sensitive to their spending behavior, due mainly to reduced income stemming from a number of causes), their own proximity to locale of the business operation, and the availability of multiple payment options.

Regarding the latter aspect, most of the respondents point out that the availability of multiple payment options provides the customers much needed flexibility and convenience, because:

> "Some of them do not have bank accounts/e-wallets." (RS01, Q42)

Furthermore, another valuable information concerning the Evaluation of Alternatives, that should be pointed out here is that before the start of the pandemic, Filipinos, especially the ones who live in highly urbanized areas, had two main options regarding their food consumption. Either to eat out in restaurants and fast-food establishments like McDonalds, Jollibee (local competitor of McDonalds), Burger King, etc., or else stay home and cook their own food. During it all, ordering food online would have come as the third option, if at all that practice factored into the lifestyles of these customers.

But with the start of the pandemic, as pointed out previously, the option of eating out in restaurants and fast-food chain stores was virtually put on hold for almost the entire period of 2020 and beyond.

In the absence of this option, customers had to go into the online ordering practices, if they did not want to eat their home-cooked food all the time or were pressed for time to cook anything at all at home.

This predicament on the part of the customers seems to have provided an advantageous environment for the online food vendors.

Regarding this scenario, respondent #13 says:

> "People turned to online business for food. The trend to support small local businesses also boomed." (RS13, Q49)

Taking into consideration these changes in consumer behavior, Rakuten Insight conducted a survey between June 11 – 30, 2020 among 16,436 online consumers in the Philippines to get their perspective in ordering food online amidst the COVID-19 pandemic. About 89% of the respondents said that they would continue to order online even after lifting social distancing measures (See Table 10). 57% of the respondents said that they ordered more through food delivery apps during the pandemic (See Table 11). The top 3 reasons for increasing orders through food delivery apps were (See Table 12):

- Country has imposed a closure of all restaurants and food and dining establishments, so dining out was no longer an option.
- I/My family was practicing social distancing and wanted to minimize our time outside of the home.
- I/My family was under quarantine and could not leave our home.

The most popular types of food ordered from food delivery apps were: 1) fast food; 2) snack; 3) bubble tea and tea-based drinks; 4) cakes, pastries, and dessert; 5) local cuisine (Filipino cuisine) (See Table 13). About half of the respondents mostly order during lunch and afternoon snacks.[23]

iv. Purchase Decision

As far as the consumers are concerned, not just the mobile devices and computers, as well as the social media platforms and vendors' website, even face-to-face interactions with their family members, acquaintances, and friends also prove to be of value in learning about and determining the best path forward in purchasing products and items in an advantageous manner for themselves.

In other words, social connections and social interactions also play a significant role in consumer behavior patterns, not just in their search for information concerning their hoped-for-purchases, but also in sharing information and opinions about wrapped up purchases.

Awareness and acknowledgement of these consumer behavior patterns, and the nuances associated with them would be of tremendous value for Filipino vendors, if they wish to thrive and prosper in the online marketing world.

Entrepreneurial Interventions and Initiatives

Entrepreneurial interventions, in our case, were expressed via the establishment of food-related small-scale online enterprises.

i. Enabling Factors

Despite of COVID-19 related challenges that proved to be highly negative in nature for many people from all around the world, 60% of the respondents stated that the pandemic has helped their business operations in some ways (See Table 14).

> "People were ordering more because they couldn't go out and we had more time for our business." (RS7, Q49)

> "Our business is focused on take-out and delivery services. With COVID-19 induced environment, more people are working from home and refrained from going out hence more possible customers." (RS11, Q49)

In the meantime, even though 48% of the respondents experienced an increase in cost of supplies, more than half of them also experienced an increase in the number of buyers and sales (72% and 68% respectively) (See Table 15):

> "It helped motivate me to start an online food business. The pandemic also boosted online sales across all categories, which made it easier for my newly established online food business to thrive." (R21, Q49)

In addition, since having an online business sort of also became a trend during the pandemic, more individuals were encouraged to join the industry.

Even as the above-mentioned favorable elements associated with the COVID-19 crisis and restrictions proved to be significant blessings in disguise in prompting our respondents to think about venturing into these small-scale business initiatives, the motivation for such actions, on the part of several of our respondents, seem to have originated from their close associations and familiarity with other individuals who have already been a part of the entrepreneurial environment.

Almost all the respondents are well-connected to someone else who owns another small food e-commerce business. 44% of them say that they were influenced by family members to start their own business (See Table 16).

Respondent #01 says:

> "Close friends encouraged me to put up a business." (RS1, Q12)

And as respondent #25 points that the fact of her

> "Friends and family enjoyed my product," (RS25, Q12) served as a motivator in venturing further into business undertakings.

ii. Establishment of Business Operations

The items that these vendors sell range from food items like pizza, burgers, pasta, lasagna, buffalo wings, etc. to drinks like coffee, milk tea, milk shakes, and other beverages; and dessert items such as cakes, pastries, cookies and much more.

For instance, respondent #13 says that they sell

> "Pizza burgers, pizzadillas, quesadillas, shawarma, and fries" (RS13, Q13)

while respondent #03 says that they sell

> "Milk tea, milk shakes, burgers, boneless chicken, etc." (RS03, Q13)

From the latter case we can decipher that even as some of these vendors have chosen to stick to one type of item among food, drinks, and desserts; some others have opted for a combination of them like coming up with the idea of selling food and drinks from the same location.

In addition, as these vendors embarked on their journey of being business owners, only 20% of the respondents have a physical store for the food business.

For the other 80%, the main concern for not having one are the high costs involved in operating a physical store (See Table 17).

At this point in time, however, even for those who own physical stores, majority of their sales have come from their e-commerce platform(s).

It was the realization that online stores are as beneficial as physical stores, and at times even better than physical stores, especially during the COVID-19 crisis, served as the ember that ignited their desire to seek the online sphere as their main theater of business operation.

Insofar as their online presence is concerned, these vendors had two main paths to choose from: becoming a part of small e-commerce platforms like GrabFood, Food Panda, and so on, that operate as 3rd party food marketplaces, or else using social media platforms like Facebook and Instagram.

There are advantages and disadvantages in choosing either of these two paths, or even a combination of both. Details of these advantages and disadvantages will be brought into this discussion as and when necessity arises.

iii. Usage of 3rd Party Online Food Marketplaces

56% of the respondents are in online food marketplaces such as GrabFood, Food Panda, and Toktok (See Table 18).

Vendors point out that the following benefits accrue to those who are on the above-named online food marketplaces:

Respondent #08 says that they

> "Give us a platform to promote our products and also give us the convenience on the delivery scale." (RS08, Q31)

Respondent #14 notes that when they use these services there is "less marketing" needed from the side of the vendors.

Moreover, additional sales, convenience of looking for riders, accessibility to customers who live further away from vendor locations; are some of the other benefits that motivate the entrepreneurs in seeking the help of 3rd party online platforms.

It appears that there are reasons as to why only a little over 50% of the vendors and not all 100% of them have chosen to join e-commerce platforms like GrabFood and Food Panda (See Table 19).

The main reason being the cost of the commission that these vendors are expected to pay these e-commerce platforms.

For instance, respondents #02, 03, 08, 14, 18, and 23 cite "high commission fee", at times as much as 30%, as a discouraging element in utilizing them for their business purposes.

Some others cite the need to owning up the mistakes and negligence of these 3rd party online marketplaces and paying the price for it; poor customer service on their part, or difficulties in weeding out 'fake orders', as negative aspects disincentivizing them from becoming a part of these platforms.

iv. Usage of Social Media Platforms

To avoid the disadvantages associated with the usage of 3rd party online food delivery applications, basically all of our respondents say that they are using social media accounts like Facebook and Instagram (96%). And with an average rating of 5 out of 5 (See Appendix X) from the survey, respondents state that social media presence is very important when running an e-commerce business. Further, respondent #06 describes an additional advantage of being present in social media, that is, joining online food trade groups:

> "By posting on [different] social media platforms and joining [different] online food trade groups." (RS6, Q18)

In any case, all of them mention that social media presence is enormously beneficial in managing and maintaining their brand images.

For that, the vendors are expected to keep up with the social media algorithm by posting regularly and creating a profile and feed that is attractive to potential and existing customers:

> "Posting regularly and asking friends to post about us; we have also gotten featured on Spot.PH." (RS1, Q18)

> "We try to keep our branding and social media uniform and aesthetically pleasing." (RS3, Q18)

Even as they do so, ensuring the quality of their products remain one of their highest priorities. For instance, respondent 17 says that it is very important to:

> "Keep up with trends and maintaining the quality of both the design & taste of my baked goods." (RS17, Q18)

On the negative side, and in the absence of their participation in 3rd party online food delivery platforms that help advertise their products, receive orders from customers living near and far, provide multiple payment options, and help deliver their products without much hassle; these vendors have to arrange their personal delivery mechanisms to fulfill orders. Some of the personal delivery mechanisms they have are family members delivering the food to the customer since customers are usually within their proximity:

> "If the drop-off location isn't far from our place, my dad just drives there to drop the orders off." (RS14, Q35)

If not family members, then in-house riders are hired to fulfill the deliveries as respondent #20 states:

> "Getting our customer's orders and planning their routes. Assigning daily routes to our in-house riders or booking it one by one via [online food marketplaces]." (RS20, Q35)

Likewise, these vendors also must make arrangements for multiple payment options, preferably, in order to cater to different types of customers.

The responses of our respondents show that the top payment platforms in current day Philippines are G-Cash (e-wallet), Bank Deposit, and COD respectively with majority coming though G-Cash.

The respondents rated the importance of having multiple payment platforms with an average of 4.2 out of 5 for reasons such as:

> "More likely to get more customers from different social classes." (RS2, Q42)

> "It makes it more convenient for our customers especially with the pandemic going on and majority would prefer cashless transactions." (RS3, Q42)

v. Challenges

In each of these business undertakings, it is not as if these vendors were the very first ones to come up with a specific item that they are trying to sell. Other vendors, and at times other enterprises have either newly entered the market or have been in that kind of business initiative for an extended period.

Competitive Challenges

Take the case of "Goldilocks" and "Red Ribbon" brands, as identified by respondent #17 who is into cakes and cookies business. These two brands have been in the business of selling cakes and cookies and many other items, in the Philippines, for a very long time and even have their own brand-named physical stores in malls, and in several other highly populated areas.

Competing against them via home-based baking initiatives, as some of our respondents are attempting to do is obviously a real challenge for these new entrants in the market.

In addition to above issues, even at their own level in comparison to higher level food operations like that of Goldilocks and Red Ribbon, our respondents are facing challenges from other vendors who are also engaged in similar operations.

In this regard, our research shows that there are two main categories of competitors that our respondents consider: 1) shops within their area/proximity, and 2) shops who have strong online presence.

Operational Challenges

a. Pandemic-Related Challenges

Moving on to the effects of COVID-19 pandemic, almost half of the respondents had to face limited operations due to lockdown situations and supplier problems (48%) (See Table 20).

They say that due to these restrictions and lockdowns, suppliers were not able to deliver the ingredients in a regular and timely manner.

Due to lack of, limited or delayed deliveries of much needed ingredients, they were not able to come up with certain products, or else produce them in limited amounts, thus leading to reduced sales and decreased income.

A good number of them also say that since the start of the pandemic restrictions associated with it, the cost of supplies had increased, that their deliveries got unnecessarily delayed, or were not able to go into full-scale operation.

Respondent #03 adds his voice to the above predicaments and says that because of the prevailing environment, their forward-looking plans of expanding their business operation and establishing a second store had to be put on hold, at least temporarily.

b. Fake Orders

The possibility of receiving "fake orders" also haunts some of these business operations. Fake orders refer to the reception of orders for food or drinks via social media or phone calls that turn out to be bogus requests wherein the addresses and names of people given during the ordering process are fictitious in nature.

In such instances the food that was prepared mostly goes to waste and the cost of that food item as well as the payment for the riders who went in search of non-existent person and address would have to come out of the pockets of the vendors.

In this connection only about 8% of our respondents note that they became victims of fake orders (See Table 21). Meanwhile, 88% of them believe that having digital payment platform options help reduce the likeliness of receiving fake orders (See Table 22). Likewise, asking for down payments or even full payments before an order is sent out, help reduce or eliminate the risks associated with such bogus requests.

c. Cancelled or Returned Orders

Dealing with the possibility of cancelled or returned orders is another challenge that these vendors encounter. In this regard, only a handful of our respondents say that they had to deal with such hassles.

In the meantime, they also note that they have instituted certain mechanisms as a preemptive measure in dealing with cancelled or returned orders.

For instance, respondent #01 says:

> "I don't accept returns. Cancellations are only made by me if we cannot fulfill the orders. In that case, I provide 100% refund." (RS01, Q55)

Likewise, respondent #20 notes:

> "We don't accept any returns… For cancellations we have a 4.00 pm cut off time. If they cancel after 4.00 pm, we don't accommodate their requests." (RS20, Q55)

On the other hand, respondent #25 points out that as the other vendors have done in avoiding fake order risks, to prevent returned/cancelled order problems, they insist on receiving payments before any of their orders are sent out for deliveries.

Handling Opposing Forces

Even as our respondents have become aware of such competitive and operational challenges, they have also been working hard to advance their competitive edge by devising creative ways and coming up with innovative products that could somehow provide them the upper hand and help them not merely to survive in the market, but also to operate their businesses in a profitable manner.

For instance, respondent #01 says:

> "My baked good are made to order and are always made from scratch," (RS01, Q16)

thus being able to compete against other companies whose food items are made ahead of time and kept frozen until purchased by customers.

On the other hand, respondent #07 notes:

> "We try to introduce different or uncommon baked that aren't usually sold in the Philippines." (RS07, Q16)

Similarly, respondent #14 says:

> "Our items include regional specialties and other items like 'Taisan de Pampanga' or hard to find things like Blitz Torte." (RS14, Q16)

And respondent #19 points out:

> "We sell a product that is new to the market (hotteok/Korean Pancake)." (RS19, Q16)

Providing promotional incentives, is another way by which these vendors can confront the challenges emanating from their competitor.

In this connection, respondent #01 says that:

> "Customer recommendation on Facebook will give them free mini cakes" (RS01, Q53)

And respondents #02, 15 and 24 say that they offer price reductions for their food items by bundling together certain products.

Respondent #03 says that they offer:

> "Buy 1 Take 1, buy this for only ___ and save up to __, etc." (RS03, Q53)

Respondent #09 says that they offer:

> "Free delivery for minimum orders" (RS09, Q53)

All these initiatives are intended as incentives to attract clients towards their business operations, and are indications of finding an untapped area of food market and capitalizing on those worthwhile opportunities.

Beyond that, we also need to add here the numerous ways in which our respondents have been attempting to get around the hassles, like procuring supplies and ingredients in a timely manner and having to deal with limited products to sell, that have emanated from COVID-19 related restrictions and lockdowns.
In this regard, respondent #04 says that they had to pay extra attention to marketing side in order to be able to attract more customers.

And respondent #06 notes that by making use of a bicycle for purposes of their deliveries, they succeed in applying minimum delivery fees.

Further, respondent #07 points out that they encouraged their clients to place their orders ahead of time so that they would have sufficient amount of time to procure the ingredients, or else they offered other products for which ingredients were easily available.

Other than that, to keep up with the evolving food market environment and developing digital landscape, some of our respondents say that they are compelled to find relevant and state-of-the-art responses.

For that reason, respondent #25 says that they do “weekly postings,” and have “hired a photographer for (new photos) and styling.”

Similarly, respondent #03 says:

> “We try to keep our branding and social media (presence) uniform and aesthetically pleasing (e.g: posting good quality photos of our products, maintaining the look/design of our physical store, etc.).” (RS03, Q18)

Even as they do so, keeping in mind that maintaining the quality of their brand-name is as important as the quality of the products they sell, respondent #18 says that they place their logo on everything that they dispatch, pay attention to product packaging, come up with personalized greetings cards with watermarked photos posted online.

In these ways and more, we could see that entrepreneurial interventions undertaken by these respondents definitely take into account a number of factors like competitive practices, customer expectations, managing and maintaining of brand images as they strive to survive and prosper in their business initiatives.

Evaluation of Outcomes and Devising Improvement Plans

Having been small scale food business entrepreneurs, at least for the last several months, if not longer, these food vendors are able to take stock of what they have been able to accomplish so far and think about current improvements and future plans concerning betterment and expansion of their business initiatives.

In this connection, respondent #07 says that when they started offering new products for which ingredients were easily available, customers were easily attracted towards those new offerings.

Respondent #08 says that when they started doing more promotions with the intention of driving up sales, their deliveries also began to increase.

Respondent #16 says that when they began to explore other sales channels and marketing avenues, they were able to reach customers on a wider scale, and that the orders they were receiving became more consistent.

Respondent #17 says that when they began to place orders for ingredients ahead of time and placing bulk orders for them; they became less stressful and less worried as to where and how they were going to obtain ingredients for their next line of products.

Respondent #21 says that when they started instituting effective inventory management, and began implementing cut-off times for placing of orders, they were also able to manage their stress that results from taking too many orders or too rushed orders.

Moreover, respondent #06 says that he would be focused on "Improved branding, visuals and packaging" and possibly opening a physical store for themselves.

In fact, being able to open a physical store or a kiosk in the future, and possibly providing dine-in services, are the future goals of several of our respondents. More than half of the respondents would like to have their own physical stores in 5-10 years' time.

Pursuing the opportunity of partnering with other stores and consigning with restaurants to expand their menu are also in their minds. Moreover, expanding their menu by coming up with new products, aggressive marketing and broader reach aimed at an expanded customer base, hiring additional employees, imposing minimum order requirements, increasing the attractiveness of bulk orders, changing their business name, and revamping their entire business operation, enabling customers to become more familiar with food business apps, are some of the additional future plans of those who responded to our surveys.

With these findings in mind, a series of recommendations tailored for small-scale online food businesses in the Philippines will be present in the next section of the paper.

LIMITATIONS

After analyzing the primary and secondary data of this study, certain limitations were identified. First is that this study was done from a distance. Although the researcher has lived in the Philippines in the past, since the time of departure from there more than 5 years ago, there have been a lot of changes between then and now. Some aspects of the online food industry in the Philippine context would have been better understood with first-hand experience rather than from mere observation and research.

Second is that this paper was written only a year after the COVID-19 pandemic spread around the world. The procedures and protocols in response to COVID-19 change rapidly. The methods of vaccine roll-out differ in each country and this may once again affect the business industry's operations. This study was only based on what has happened so far in the midst of the COVID-19 pandemic.

Third is that the survey used for gathering primary data was only directed to entrepreneurs and not consumers. The study focused on small-scaled online food businesses, but the perspective of the consumers is also needed to be analyzed as well to rationalize the perspective of the entrepreneurs and make suitable recommendations. Because there was no survey prepared for consumers, the analysis on the consumers' perspective is based merely inferences and on secondary data.

Fourth is that majority of the respondents are based in Metro Manila which has the densest population in the country. The situation in the different regions of the Philippines may differ most especially in the provinces and rural areas as compared to urban areas.

Finally, gathering of primary data was not conducted face-to-face. The analysis of the primary data gathered is only based on the responses written down by the respondents without any follow up questions.

These limitations allow room for future research to discuss the post-pandemic situation, when physical establishments are once again allowed to fully open, and travel and face-to-face interactions are not restricted. Moreover, future research can also be done in the provinces and rural areas where businesses are still making their way into the e-commerce and can explore industries other than the food industry.

CONCLUSIONS AND RECOMMENDATIONS

This study looked at some of the small e-commerce food businesses in the Philippine setting, to understand their operational structures, strategies and challenges, and analyzed them with the usage of time-tested analytical models. It was done so not merely with the intention of providing appropriate recommendations for their future operation and growth-oriented business undertakings, but also to add to the evolving literature on the impacts and repercussions of COVID-19 crisis that has rocked the world.

Primary data gathered for this purpose allows us to have a better understanding about the mushrooming small-scale online food businesses within the Philippine context, especially within the context of Metro Manila and its surrounding regions.

From the responses provided by these budding entrepreneurs, we were also able to infer consumers' side of this post-COVID-19 phenomenon. Combined, consumer's side and the entrepreneur's side, gained and extrapolated from the primary data provide us only a limited view of what is under scrutiny. For that reason, secondary data coming from other relevant sources were used to come up a well-rounded narrative, analysis, and recommendations.

In the meantime, this research also tells us that three main tributaries have been instrumental in the establishment of these small-scale online food business operations. These tributaries are:

1) Exponential growth experienced by the internet sphere since its inception 1960s and the unimaginable developments in the digital sphere aided by ever-increasing capacities of microchips, and the development and advancement of electronic devices including smart phones, notebooks, computers, laptops, etc. Not to be left out are the social media platforms that dominate current lifestyle of human from around the world.

   In the absence of any of the above, we would not even be able to talk about online marketplaces and e-commerce activities anywhere in the world, including the Philippines.

2) Repercussions of COVID-19 crisis that have brought about both negative and positive results – although mostly negative results at several levels. In this study we have mainly looked at the positive effects, including its instrumentality in the establishment of business operations. It is doubtful that if not for the COVID-19 related restrictions and lockdowns, we would be seeing the kind of exponential growth in the online food business operations in the Philippines.

3) Family connections that have proved to be of tremendous value in being inspirational in the establishment of business operations by individuals, most of whom, have one or more family member or an acquaintance already operating a business initiative. Family connections and otherwise, are always beneficial when one ventures into business operations.

Contributions of these three tributaries can be presented via the following diagrams.

Diagram IA (See Figure 5)

Further, we also able to infer that the ongoing actions of budding entrepreneurs as well as that of consumers with altered consumer behavior, are instrumental in the creation of a changed external environment that include ongoing changes in online marketplace environment, and ongoing transformation of consumer behavior patterns

Diagram IB (See Figure 6)

In addition, this study also shows us the ongoing, cyclical-style interaction among three of the anchor points identified in the section on 'theoretical considerations' and utilized in our analytical section namely: 1) Needs, 2) Interventions, and 3) Evaluation of outcomes.

As consumer needs in conjunction with entrepreneurial needs lead to interventions on the part of both the consumers and the vendors themselves, evaluations of the results of these interventions pave the way for the reassessment of consumer needs and entrepreneurial needs, aimed at improved interventions, and so on.

Cyclical style interaction among various elements under consideration can be represented via the following diagram.

Diagram II (See Figure 7)

This researcher believes that the above diagram will of significant help for the entrepreneurs in studying and analyzing their business operation and instituting necessary changes as and when such necessities arise.

Moving onto the recommendations part of this study, the following are suggested, mainly for the benefit of those involved in small-scale online food business initiatives in the Philippines:

1) We encourage the online food vendors to take a look at the marketing and business management analytical models brought into consideration in this paper – namely Ansoff Matrix, Porter's Five Forces, and Consuming Buying Process Model – mainly to gain a deeper understanding of the consumer buying

processes and consumer behavior changes on the basis of external forces like the COVID-19 crisis, so that they could not only understand the mindset of their customers, but also come up products and services that would adequately address their purchasing needs.

2) COVID-19 induced changes in consumer behavior are real, and these behavioral changes, along with their distinctive characteristics, must be taken into account by these vendors in order adapt along those lines and make their businesses and products as relevant and appealing as they could be.

3) If these vendors are to follow the trend of rising digital media presence and e-commerce environment, then there is a need for them to prioritize new investments initiatives. These investments would be aimed at, among other things, new technologies like online platforms, contactless purchase systems, etc. With consumers still avoiding going out of their homes and having the fear of contracting the virus, businesses will need to follow this consumer behavior adaptations and take advantage of the opportunity of getting majority of the purchases online instead of being stuck on the outdated model of operating physical stores.

4) When they start planning, both Restaurant-To-Consumer operations and Platform-to-Consumer operations must take into consideration elements like 'competitive rivalry' from prospective competitors in the market and 'buyer power' of the consumers, in order to be able to address these two issues in an advantageous manner for themselves.

5) Increased level of differentiation with other competitors; maintaining the quality of, not just the food items, but also the service such as on-time deliveries and responsiveness in the online platforms, are some of the significant elements that would be of help gaining an upper hand in the business world online markets.

6) After building a strong customer base, vendors should also be cognizant of the fact that consumers do have the need to be rewarded for their constant purchasing practices. E-commerce retailers can respond to this need by offering special promotions, not just to encourage repeat customers but also to entice new entrants.

7) Even as adoption of technological advancements would be helpful in providing multiple payment options for existing and prospective customers, it would also help ensure that their ordering process is seamless and user-friendly.

8) E-commerce retailers must also keep in mind that with the world's ever-changing technological ambience, consumers are always updated on products and services that are either resurfacing or are new to the market which stimulate new wants and needs. As for small food e-commerce businesses, keeping the menu up to date by constantly adapting to these trends every now and then can keep existing customers interested and attract new customers.

9) Quality of the product and service is very important in keeping the customers satisfied. Aside from taste in food, presentation and packaging are factors that contribute to the allurement of what is being put out for sale. In building a brand and strong following online, visual presentation plays a significant role which comprises of organized and curated posts that make it easy for consumers to understand what an e-commerce retailer is selling and how they can purchase it.

10) Evaluating all of needs and interventions – both from the side of the customers as well as the vendors – from time to time, would help online retailers to determine and decipher new needs that they would have to address for the sake of sustaining the satisfaction levels of their customers, and to plan out future expansion initiatives.

APPENDICES

Survey Questionnaire

Food E-Commerce Business Survey

Good day! My name is Anna Phillipneris, a BS-Marketing graduate from De La Salle University – Manila. I am currently an MBA student in St. John's University – New York conducting a study on the Rise of Small Food E-Commerce Businesses in the Era of COVID-19 in the Philippines. You have been selected to participate in this study and I would like to ask for a few minutes of your time to answer this survey. Your time and response are greatly appreciated. Thank you and have a good rest of your day! (*Required)

DEMOGRAPHICS

1. Company Name: *

   ____

2. Name of Business Owner: *

   ____

3. Age: *

   Mark only only one circle.

   - o < 20 years old
   - o 21 – 25 years old
   - o 26 – 30 years old
   - o 31 – 35 years old
   - o > 30 years old

4. Gender: *

   Mark only one circle.

   - o Male
   - o Female

5. E-mail Address: *

   ____

6. Company Location: *
   Please indicate the city/municipality.

   ____

7. Year of Establishment: *

   ____

ENTREPRENEURIAL INVOLVEMENT

8. What are your primary reasons for getting into this type of business? *

   ____
   ____
   ____

9. Is this your primary or secondary source of income: *

   Mark only one circle.

   ○ Primary
   ○ Secondary

10. Is anyone else among your family members, friends, or acquaintance engaged in business practices? *

    Check all that apply.

    ☐ Family Members
    ☐ Friends
    ☐ None
    ☐ Other: ____________________

11. Did anyone influence or encourage you to get into business practices? *

    Mark only one circle.

    ○ Yes
    ○ No

12. If yes, who influenced/encouraged you? Please specify.

____

BUSINESS PRACTICES

13. What type of products/services do you sell? *

____
____
____

14. Total Annual Revenue: (in Philippine Peso) *

Mark only one circle.

- ○ < 100,000
- ○ 100,001 – 500,000
- ○ 500,001 – 1,000,000
- ○ > 1,000,000

15. In your opinion, which companies of business activities would you consider as 'competitors' vis-à-vis your business practices? *

____
____
____

16. In your opinion, what would you consider are the main differences between your company and that of your competitors? *

____
____
____

17. Compared to your competitors, your product prices are: *

Mark only one circle.

- More expensive
- Less expensive
- Same

18. How do you manage and maintain your brand image? *

____
____
____

19. Do you adapt to the food trends in the Philippines every now and then? *

Mark only one circle.

- Yes
- No

20. Do you or do you have a physical store/restaurant for this business? *

Mark only one circle.

- Yes
- No

21. If you have a physical store, is it currently open?

Mark only one circle.

- Yes
- No

22. If yet, are you expecting your physical store to close anytime soon?

Mark only one circle.

- Yes
- No

23. If you do not currently have a physical store, would you consider having one in the future? *

Mark only one circle.

- Yes
- No

24. If not, briefly explain the reasons for not doing so.

____
____
____

25. Where do majority of your sales come from? *

Mark only one circle.

- E-Commerce
- Physical Store
- Same

E-COMMERCE BUSINESS

26. Are you engaged in online selling or e-commerce? *

Mark only one circle.

- Yes
- No

27. When did you decide to have an e-commerce platform? *

Mark only one circle.

- Before the Pandemic
- After the Pandemic

28. Which online platforms do you use to market your product/s? *

Check all that apply.

☐ Facebook
☐ Instagram
☐ Twitter
☐ Own Website
☐ Other: ____________________

29. How would you rate the importance of having online platforms for your business? *

Mark only one circle.

	1	2	3	4	5	
Not Important	o	o	o	o	o	Very Important

ONLINE FOOD DELIVERY MARKETPLACE

30. Which food delivery apps are you currently using for your business practices? *

Check all that apply.

☐ GrabFood
☐ FoodPanda
☐ Other: ____________________

31. What are some of the advantages of conducting your business with the help of Food Delivery Apps like GrabFood, Food Panda, etc.? *

____
____
____

32. What are some of the disadvantages of conducting your business with the help of Food Delivery Apps like GrabFood, Food Panda, etc.? *

____
____
____

33. Are you making use of the marketing options within the food delivery apps? *

Mark only one circle.

- ○ Yes
- ○ No

34. Do you also do your own personal delivery? (Deliveries outside of food delivery apps [own website, social media, direct orders, etc.]) *

Mark only one circle.

- ○ Yes
- ○ No

35. If yes, please describe the type of your own personal delivery mechanism.

____
____
____

36. Which cities/municipalities do you deliver to? *

____
____
____

37. Majority of your first-time customers come from: *

Mark only one circle.

- ○ Direct Orders (own website, social media, direct message/call)
- ○ Food Delivery Apps
- ○ Other: ________________________

38. Majority of your repeat customers come from: *

Mark only one circle.

- o Direct Orders (own website, social media, direct message/call)
- o Food Delivery Apps
- o Other: ______________________

39. How would you rate the importance of having multiple payment platforms? *

Mark only one circle.

	1	2	3	4	5	
Not Important	o	o	o	o	o	Very Important

40. Which payment platforms do you accept? *

Check all that apply.

- ☐ Cash-On-Delivery (COD)
- ☐ G-Cash
- ☐ Credit Card
- ☐ Debit Card
- ☐ PayPal
- ☐ Bank Deposit
- ☐ Other: ____________________

41. Majority of your sales of your sales go through which payment platform? *

Mark only one oval.

- o Cash-On-Delivery (COD)
- o G-Cash
- o Credit Card
- o Debit Card
- o PayPal
- o Bank Deposit
- o Other: ____________________

42. In your opinion, what would be the advantages of utilizing multiple payment platforms? *

____
____
____

43. Have you ever encountered a "fake order"? *

Mark only one oval.

- Yes
- No

44. If so, how prevalent are they? *

Mark only one oval.

- No experience of fake orders
- Once a month
- 2-3 times a month
- More than 4 times a month

45. Do you think having digital payment platforms reduce the probability of receiving "fake orders"? *

Mark only one oval.

- Yes
- No

COVID-19 IMPACT

46. Did you have to face limited operations during the pandemic? *

Mark only one oval.

- Yes
- No
- N/A

47. If yes, what were the main reasons for limited operations:

Check all that apply.

☐ Supplier Problems
☐ Lockdown
☐ Other: ____________________

48. Has the COVID-19 induced environment helped you or hindered you in terms of your business operations? *

Mark only one oval.

o Helped
o Hindered
o No perceivable impact

49. If the COVID-19 induced environment helped you in terms of your business practices, in what specific ways did it help you? *

____
____
____

50. If the COVID-19 induced environment hindered you in terms of your business practices, in what specific ways did it hinder you? *

____
____
____

51. How have the following changed since the start of the pandemic? *

Mark only one circle per row.

	Increased	Decreased	No Change
Cost of Supplies	o	o	o
Number of Buyers	o	o	o
Sales in Peso	o	o	o

52. Do you offer sales/promotions to your customers? *

Mark only one oval.

- o Yes
- o No

53. If yes, what kind of promotions have you offered?

____
____
____

54. How effective were these promotions?

Mark only one circle.

	1	2	3	4	5	
Not Effective	o	o	o	o	o	Very Effective

55. How do you deal with cancelled/returned orders? *

____
____
____

56. In terms of business practices, what roadblocks, obstacles, and challenges did you face during the pandemic? *

____
____
____

57. How did you respond to these roadblocks, obstacles, and challenges? What extra precautions did you take during the pandemic? *

____
____
____

58. How effective were your approaches? *

Mark only one circle.

	1	2	3	4	5	
Not Effective	o	o	o	o	o	Very Effective

59. Why so? *

___

___

___

60. Do you think customers will continue to order online even after the pandemic? *

Mark only one oval.

- Yes
- No

61. What advancements (additional steps) have you undertaken to gain more customers? *

___

___

___

62. In terms of business practices, where do you see yourself in another 5 to 10 years' time? *

___

___

___

63. Given an option, what changes would you be willing to make in your own business practices? *

___

___

___

64. If you could change something about the current process of how e-commerce works in the Philippine food industry, what would you change? *

Thank you very much for your time and response!

Table 1: Online Food Delivery Market in the Philippines: Users (in US$ millions)

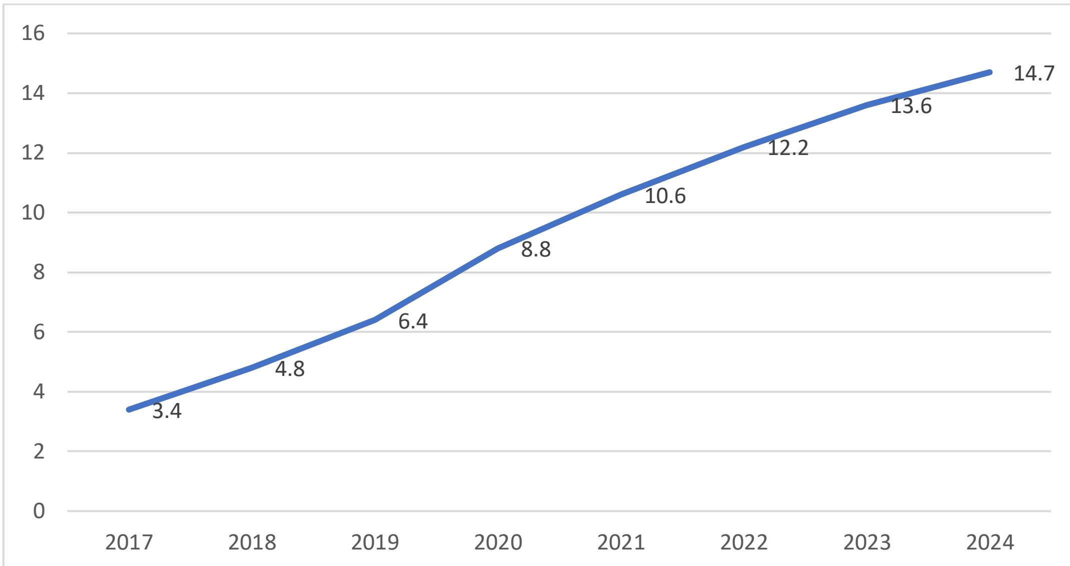


Table 2: Online Food Delivery Market in the Philippines: User Penetration Rate

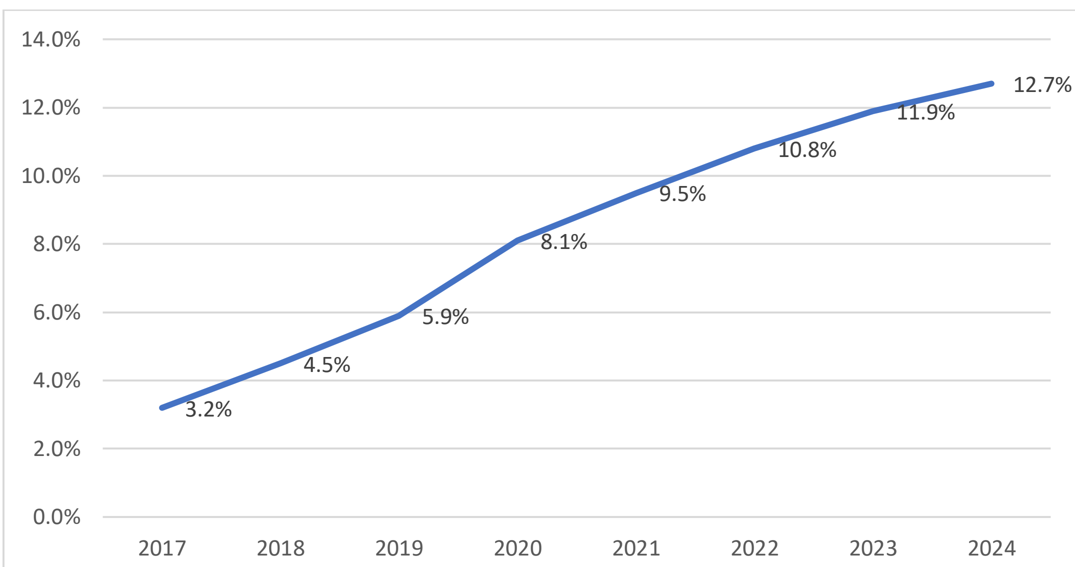


Table 3: Online Food Delivery Market in the Philippines: Revenue (in US$ millions)

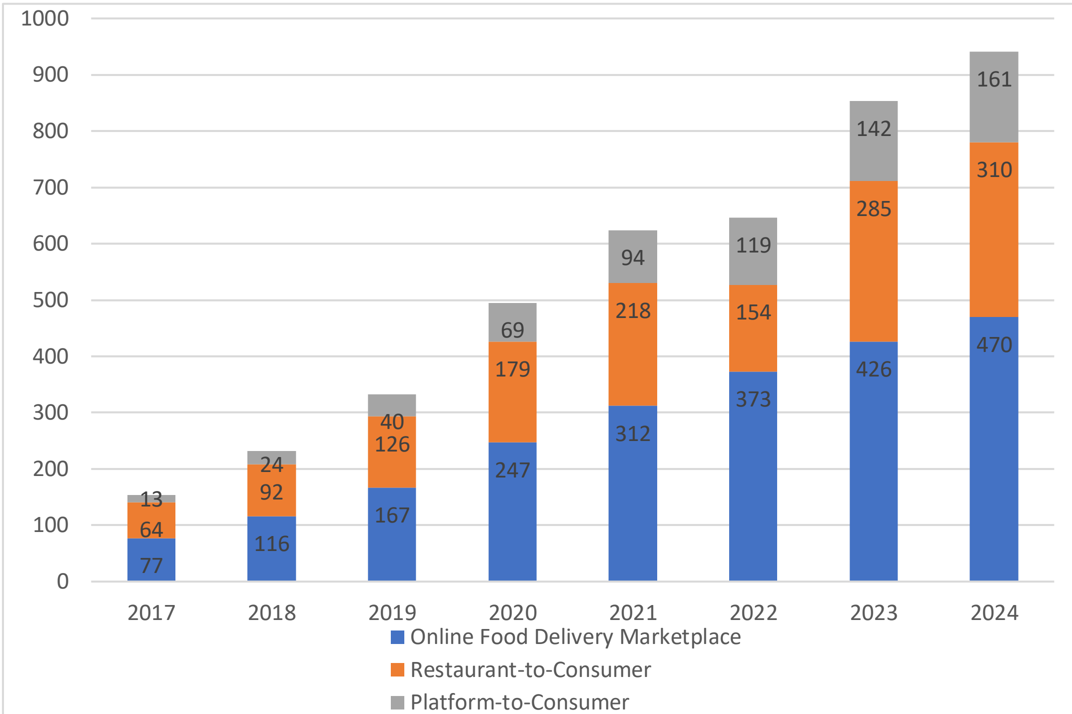


Table 4: Online Food Delivery Market in the Philippines: Revenue Growth Rate

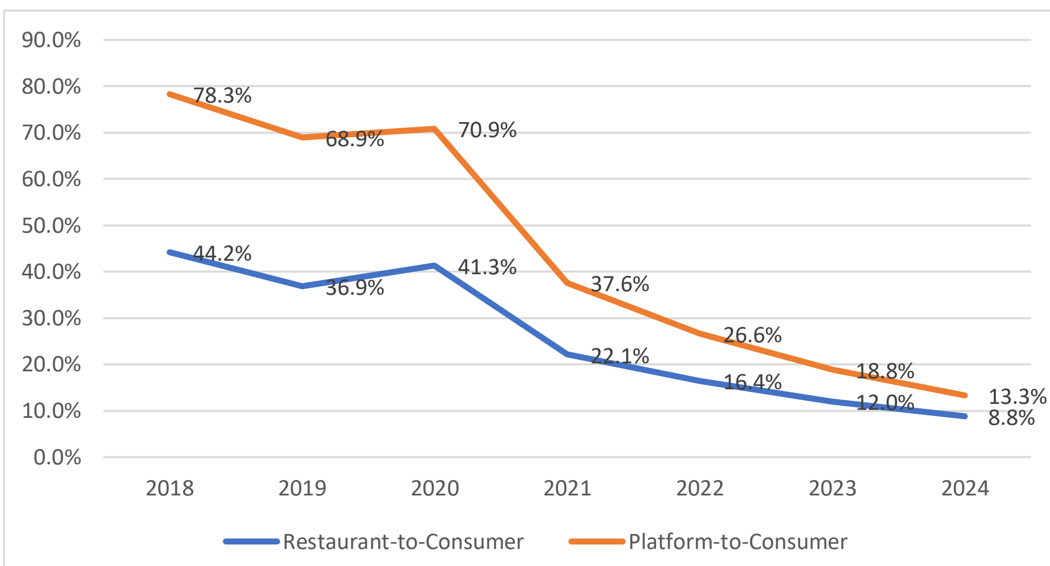


Table 5: Online Food Delivery Market in the Philippines: ARPU

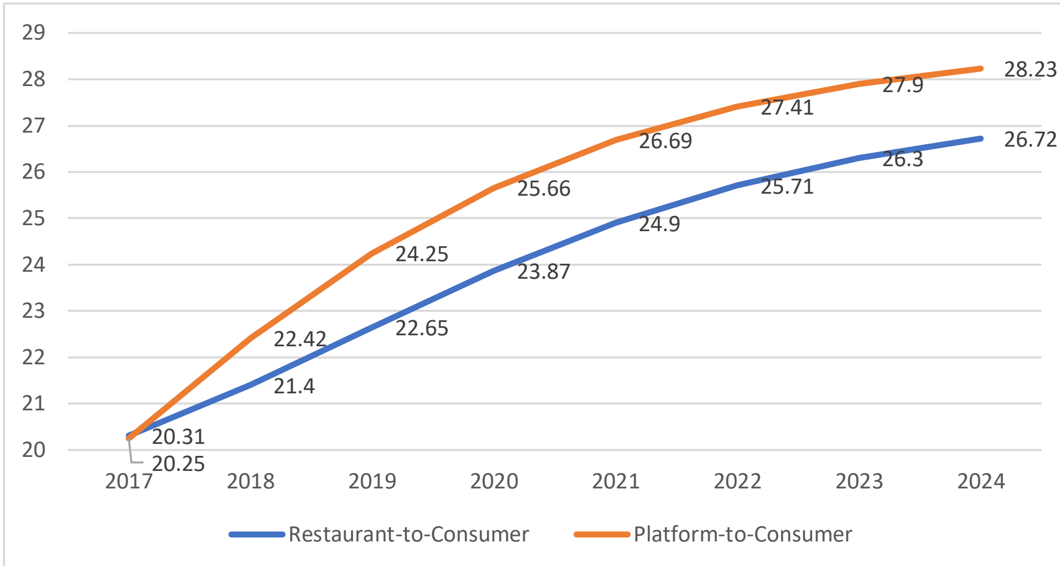
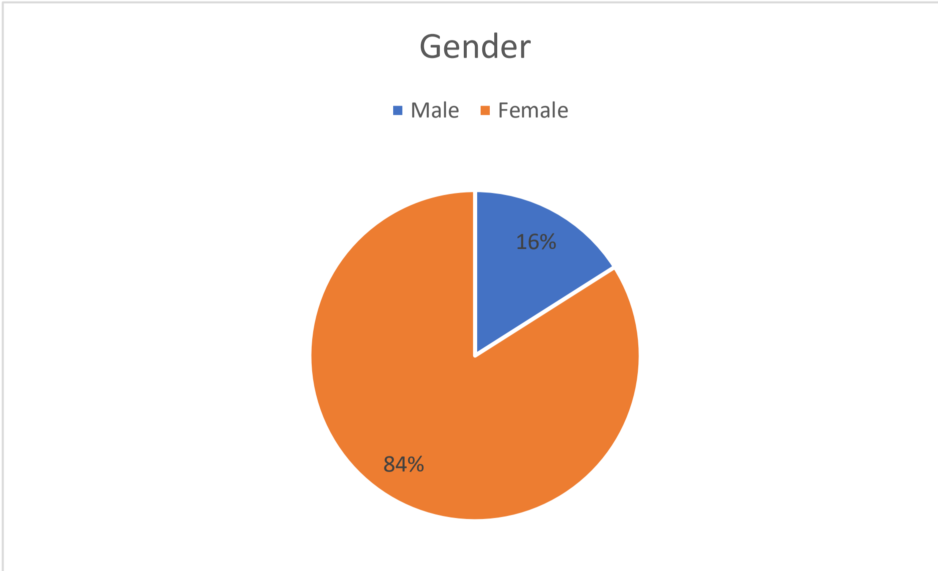
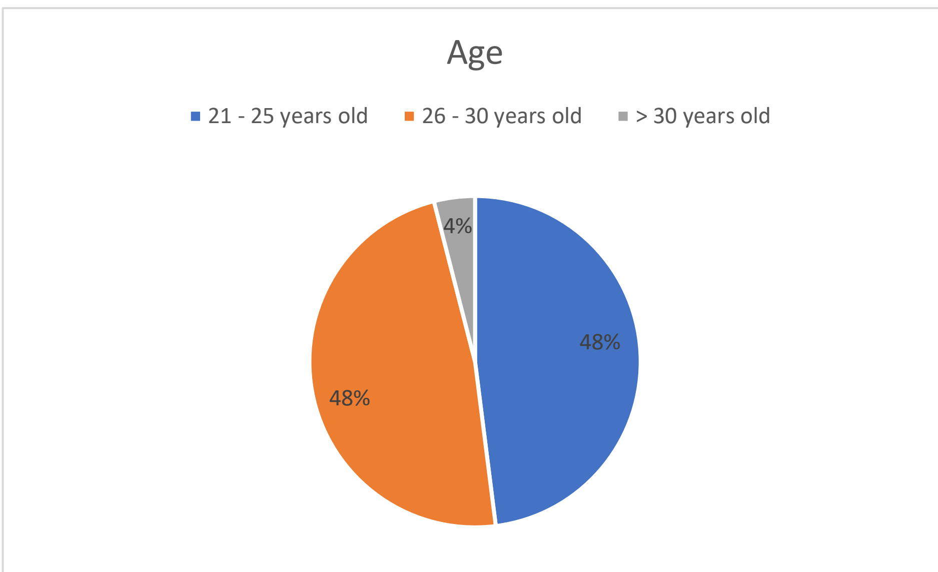
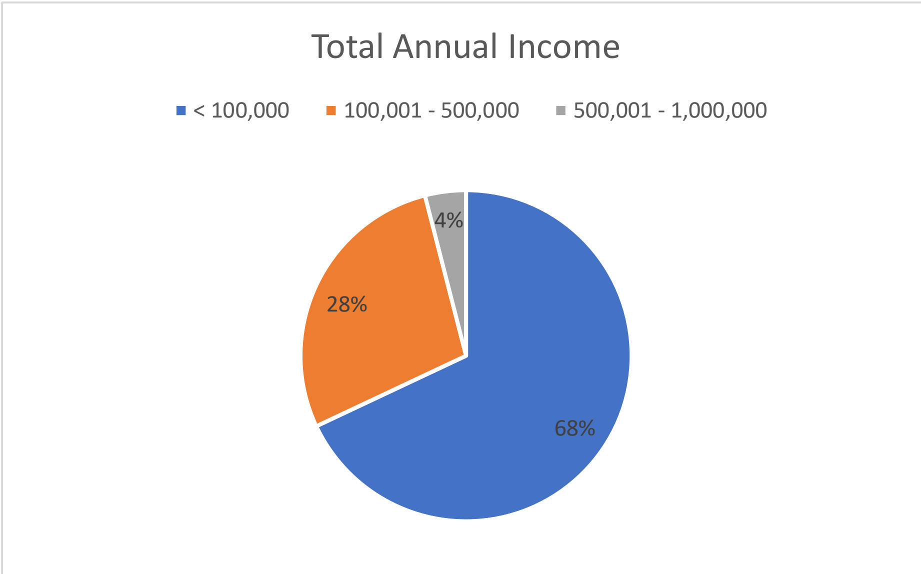


Table 6: Survey Results: Demographics






Total Annual Income
< 100,000
100,001 - 500,000
500,001 - 1,000,000
4%
28%
68%


Company Location
1
1
2
1
1
1
6
1
6
2
3
1
Antipolo
Cagayan de Oro
Caloocan
Las Pinas
Makati
Bulacan
Manila
Paranaque
Quezon City
San Juan City
Laguna
Rizal

Table 7: Survey Results: Year of Establishment

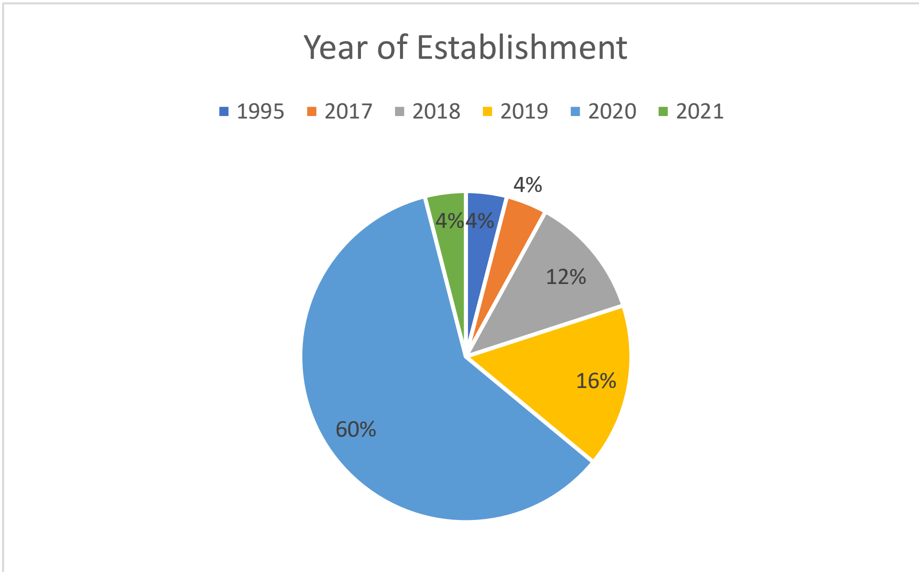


Table 8: Survey Results: Primary or Secondary Income

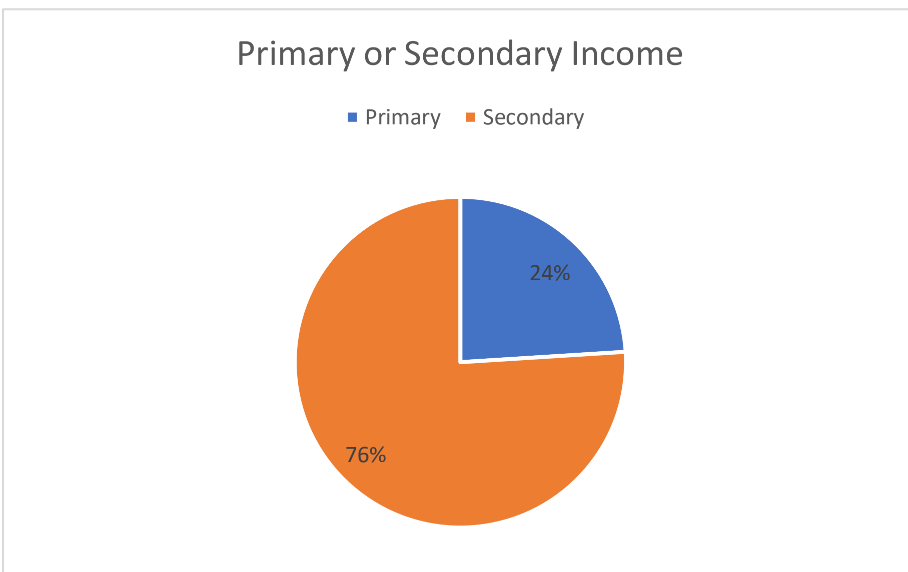


Table 9: Survey Results: First Time and Repeat Customers

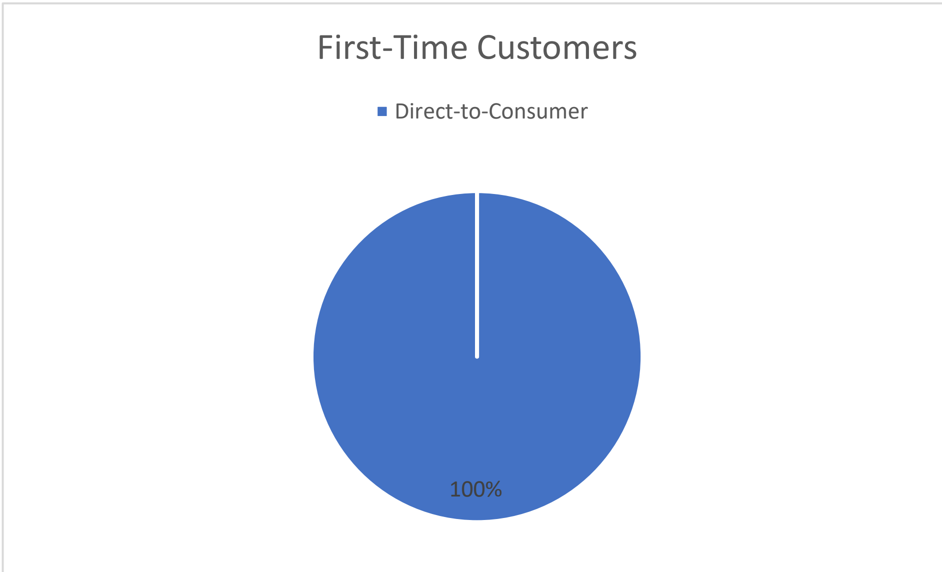


Table 10: Rakuten Insight Survey - Share of Respondents who would continue ordering online after lifting social distancing measures due to COVID-19 Pandemic in the Philippines

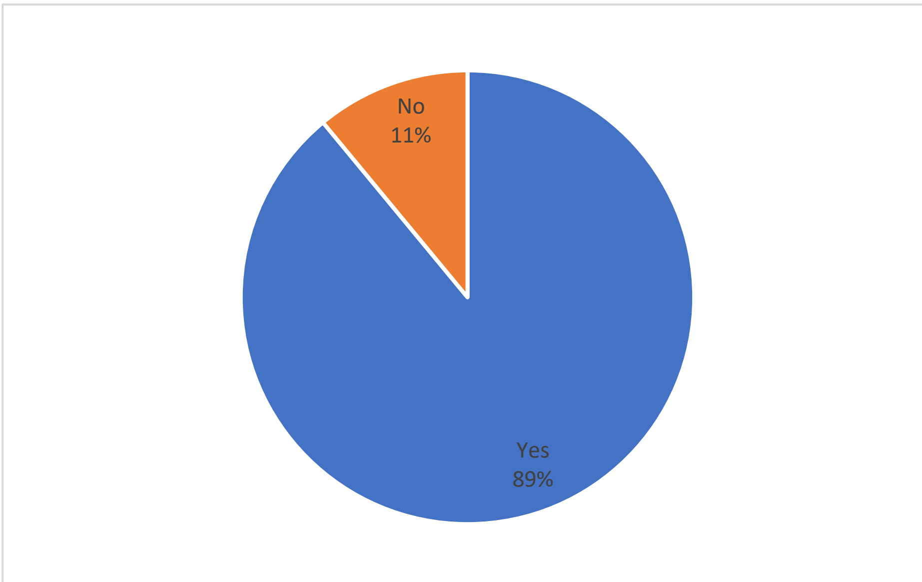


Table 11: Rakuten Insight Survey - Changes on the Use of Food Delivery Apps During COVID-19 Pandemic in the Philippines

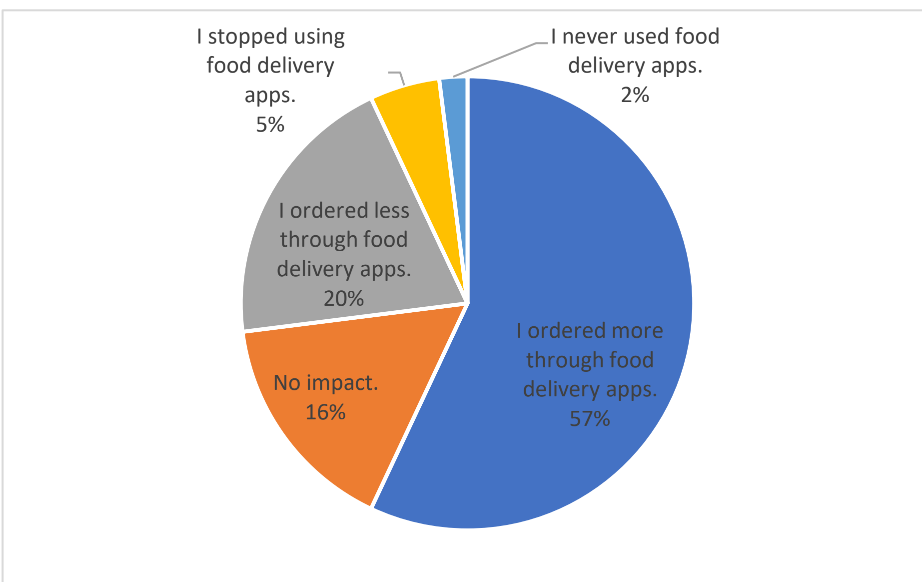


Table 12: Rakuten Insight Survey - Main Reasons for Increasing Orders through Food Delivery Applications During COVID-19 Pandemic

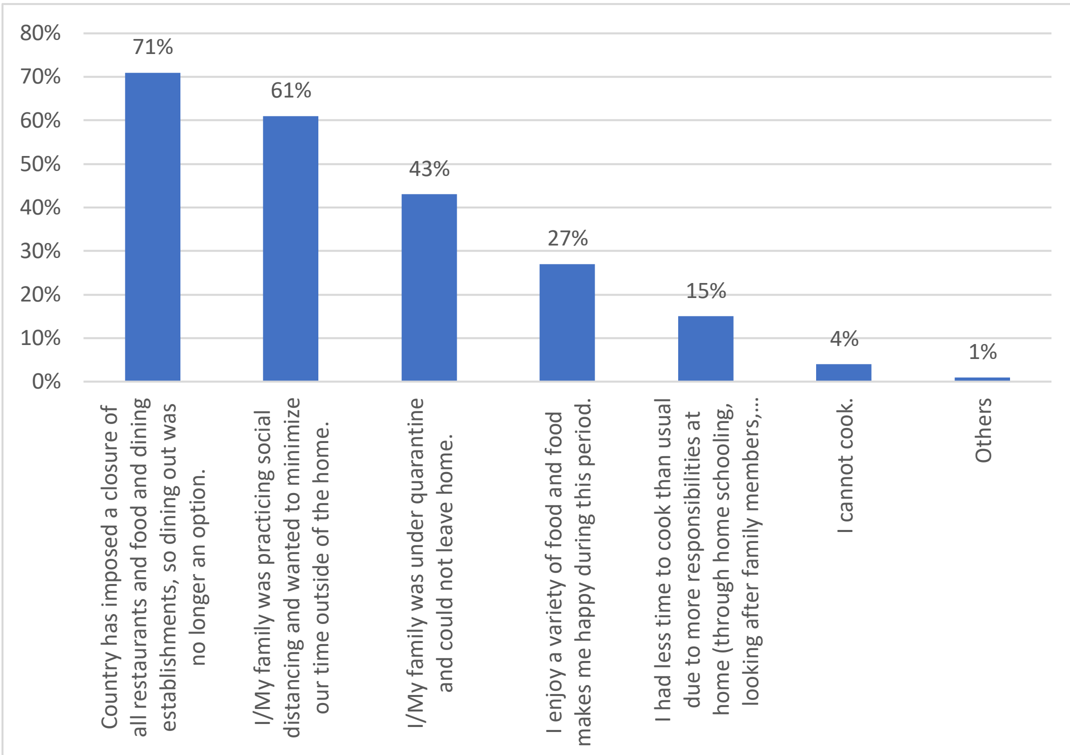


Table 13: Rakuten Insight Survey - Most Popular Food Ordered from Food Delivery Apps

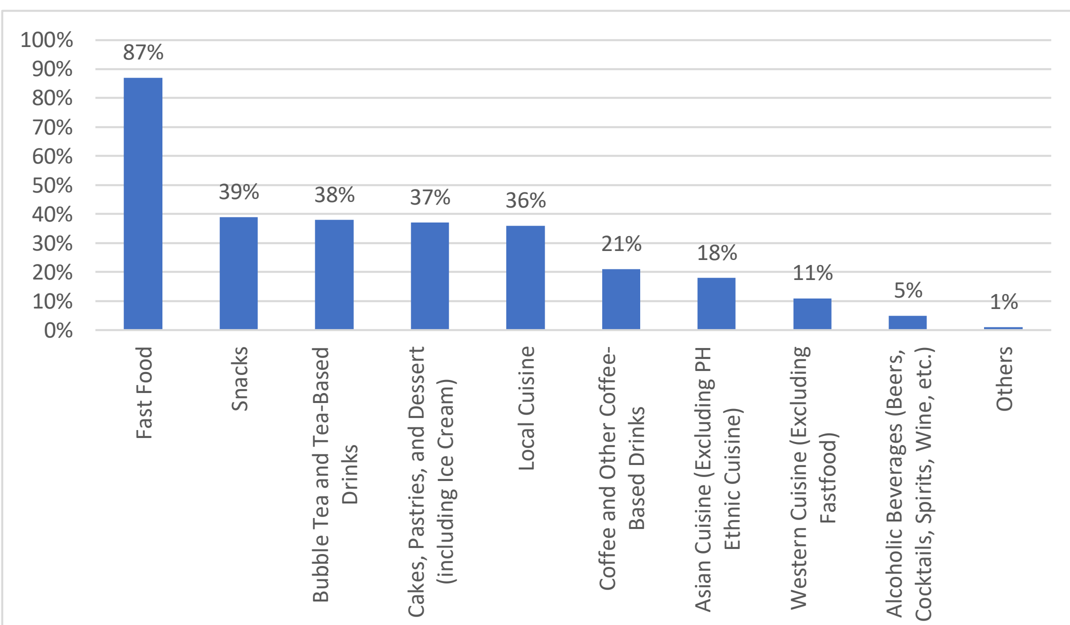


Table 14: Survey Results: COVID-19 Effect on Business Operations

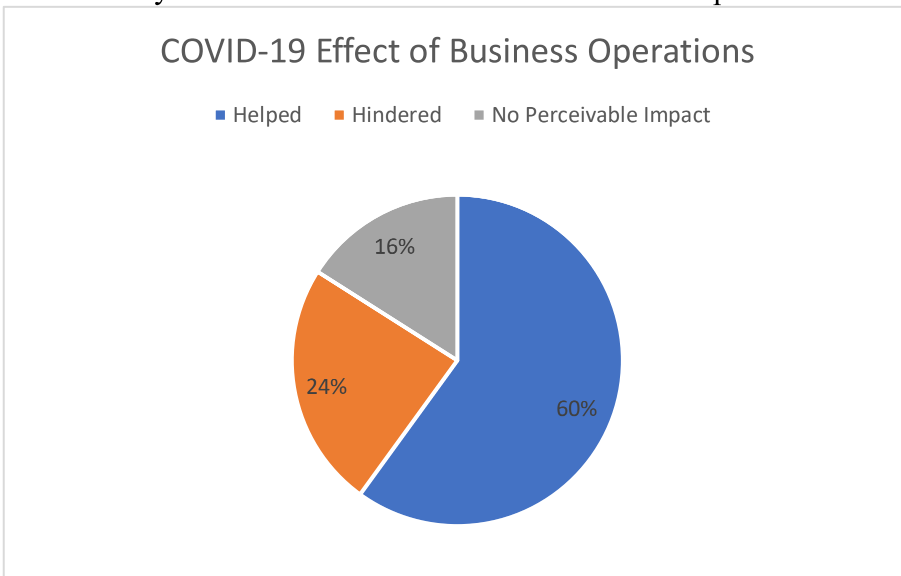
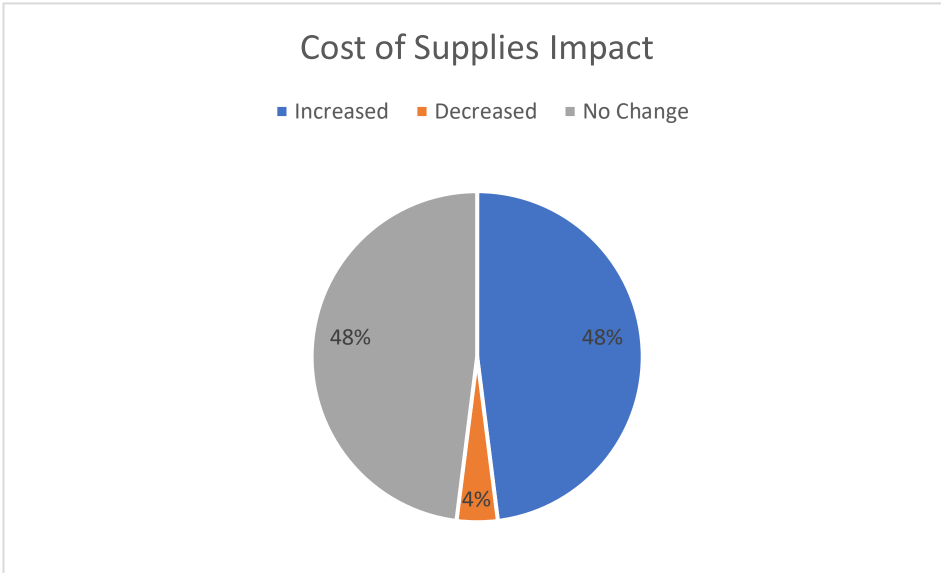
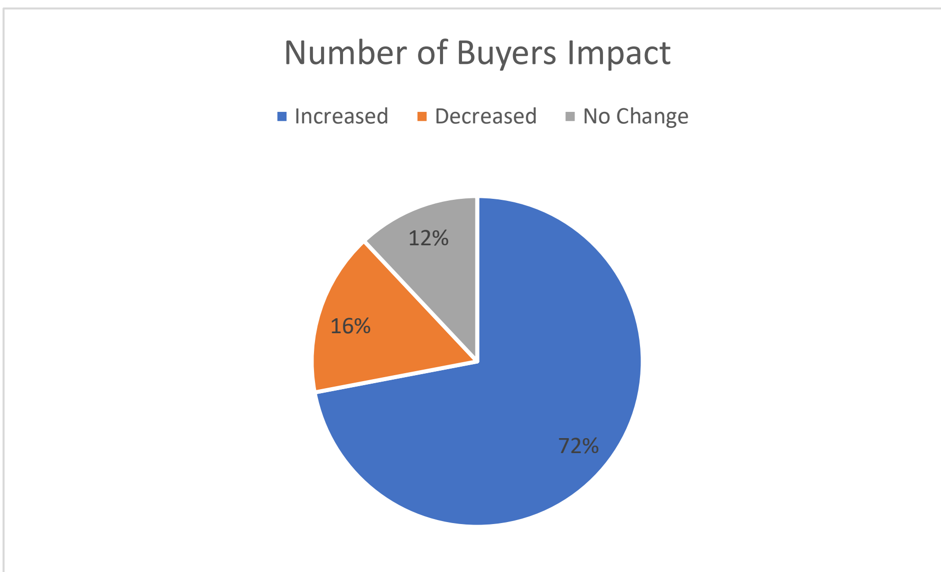


Table 15: Survey Results: COVID-19 Impact on Cost of Supplies, Buyers, and Sales





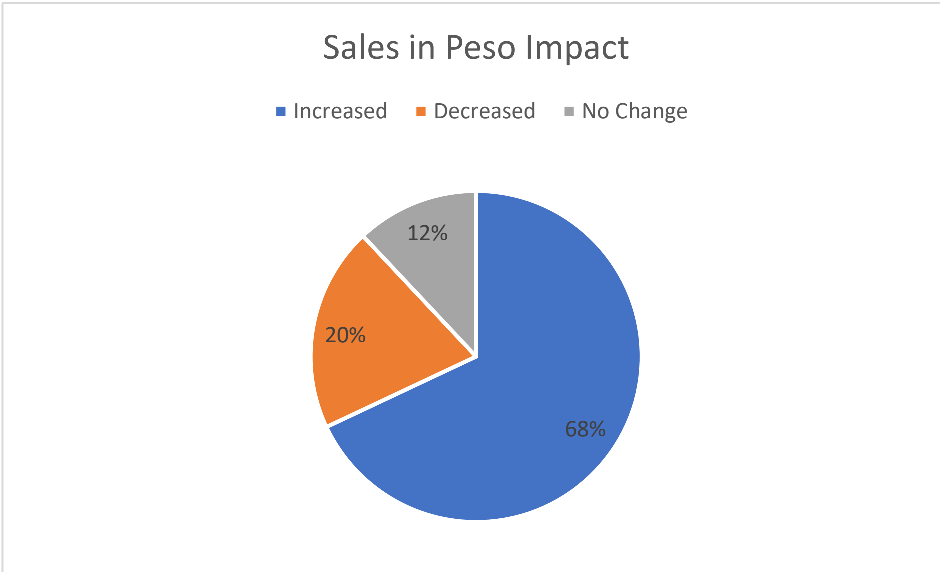

Sales in Peso Impact
Increased
Decreased
No Change
12%
20%
68%

Table 16: Survey Results: Influenced to Start Business

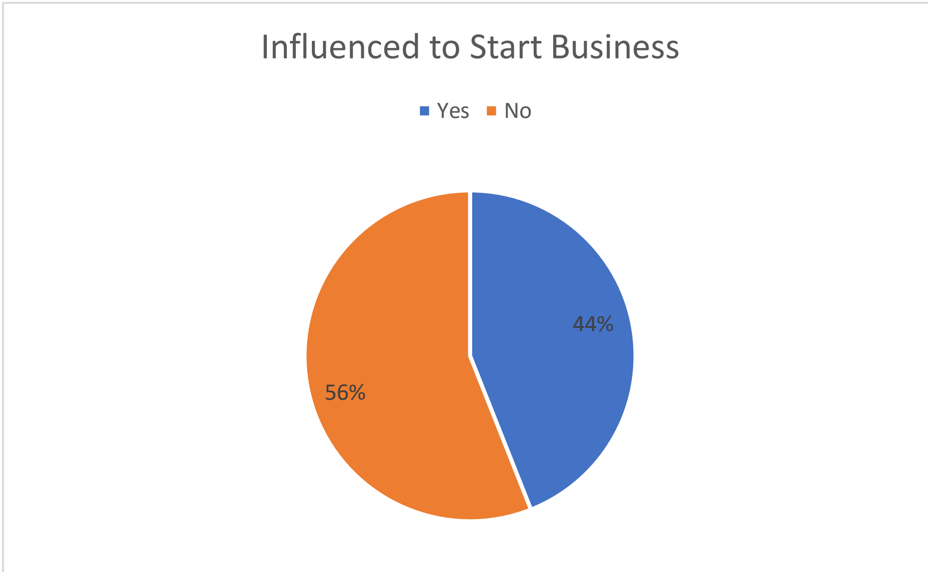


Table 17: Survey Results: Has Physical Store

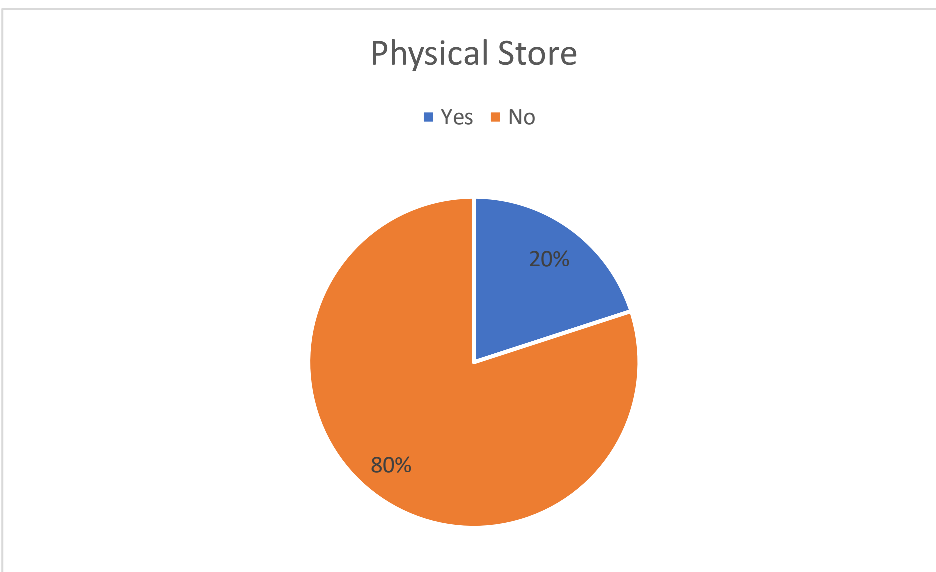


Table 18: Survey Results: Registered in 3rd Party Food Delivery Apps

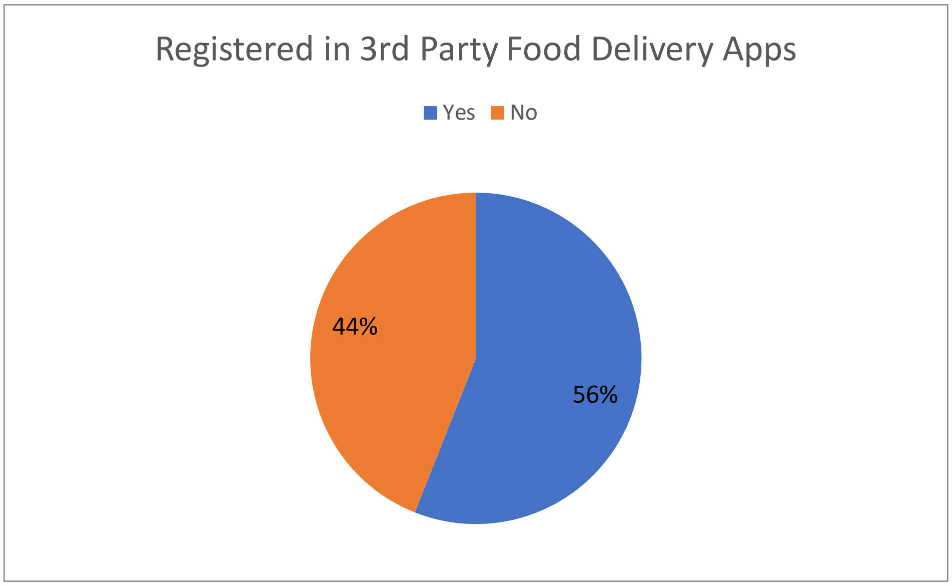
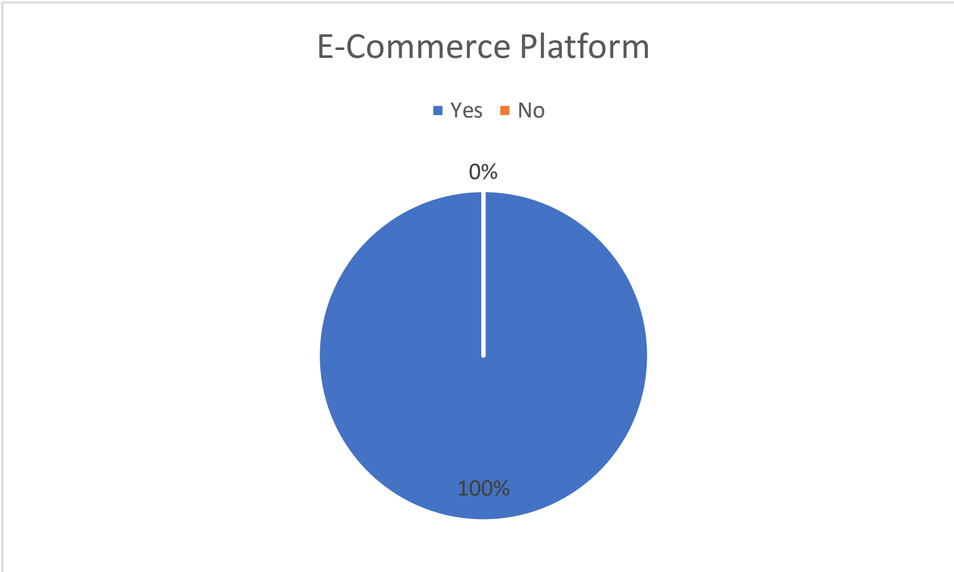
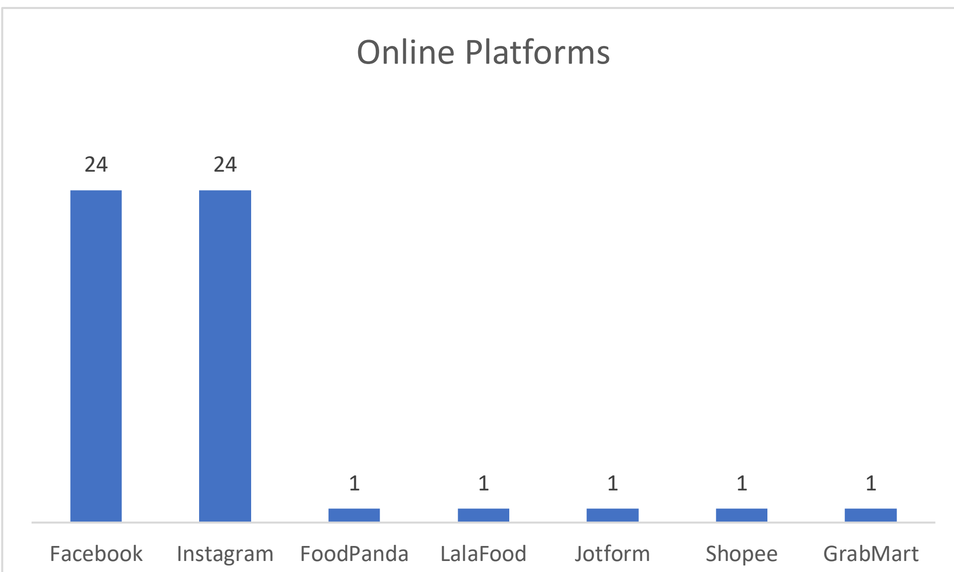


Table 19: Survey Results: Usage of Social Media Platforms





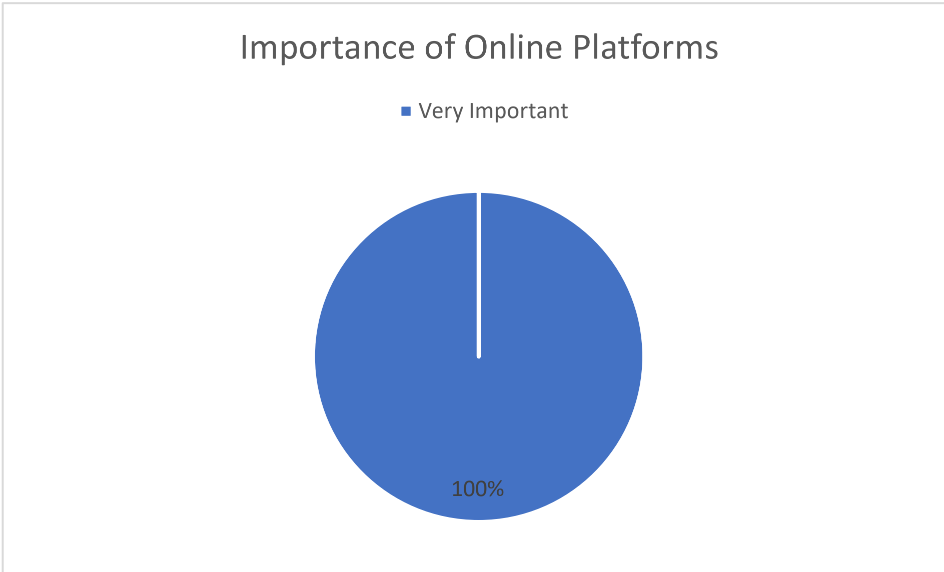

Importance of Online Platforms
Very Important
100%

Table 20: Survey Results: Faced Limited Operations During the COVID-19 Pandemic

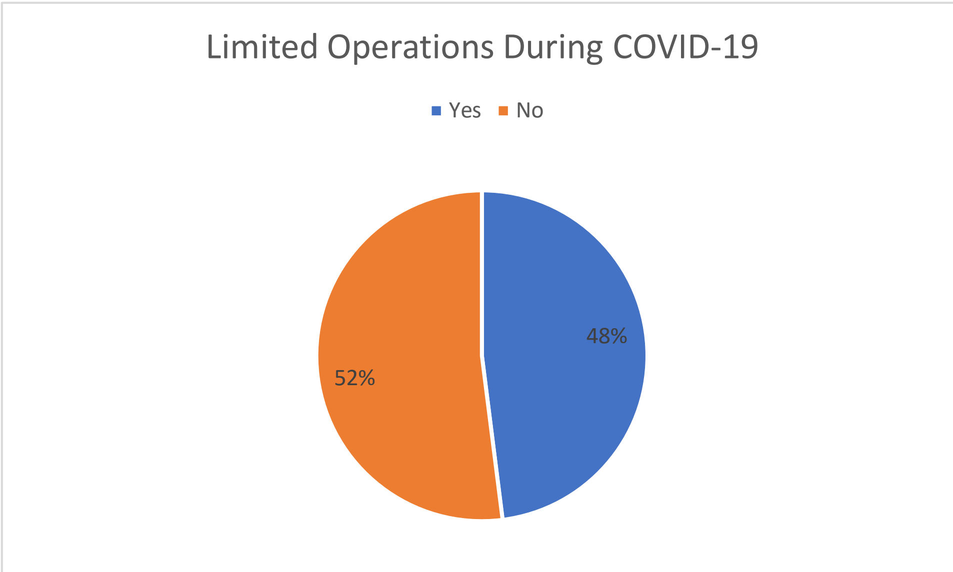


Table 21: Survey Results: Fake Orders

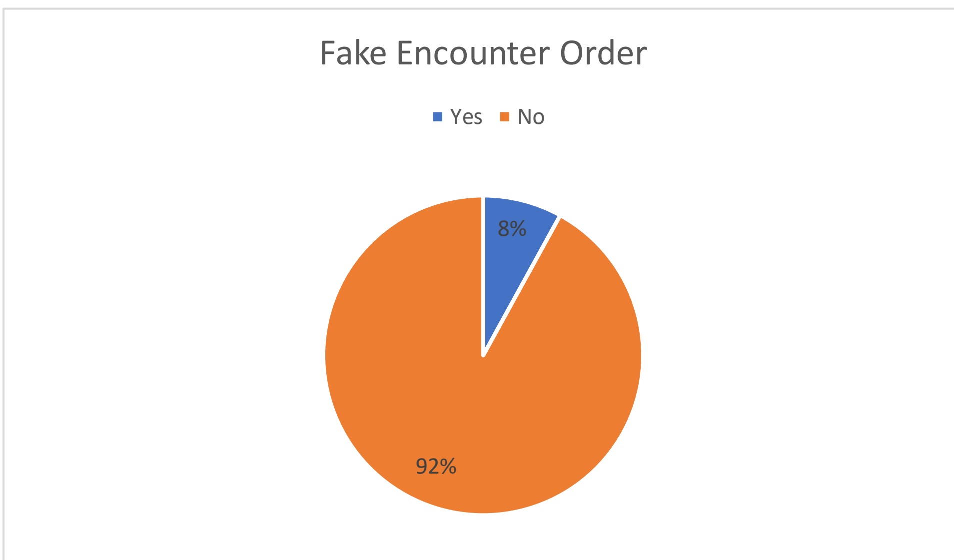


Table 22: Survey Results: Importance of Digital Payment Platforms in Avoiding Fake Orders

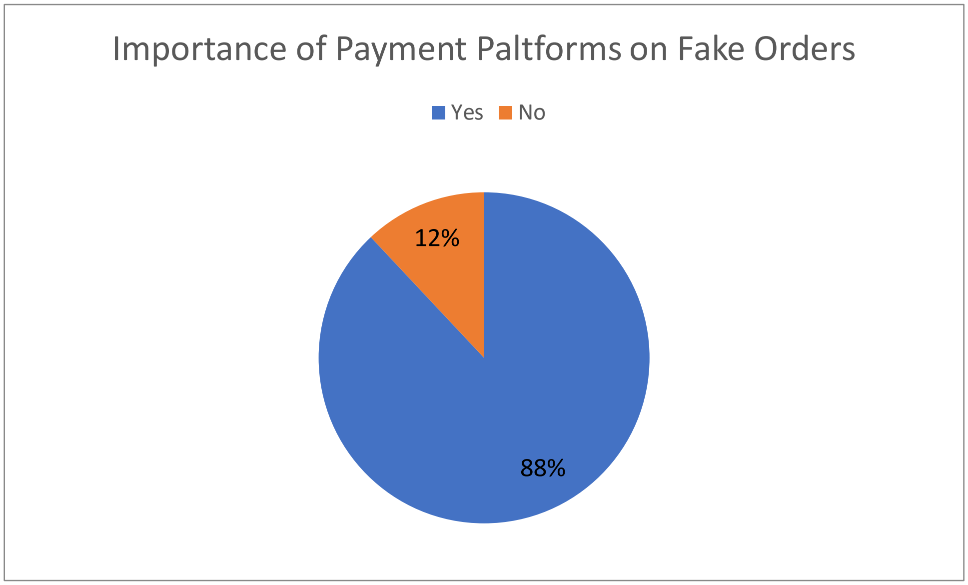


Figure 1: Ansoff Matrix

Figure 2: 3rd Party Online Platforms

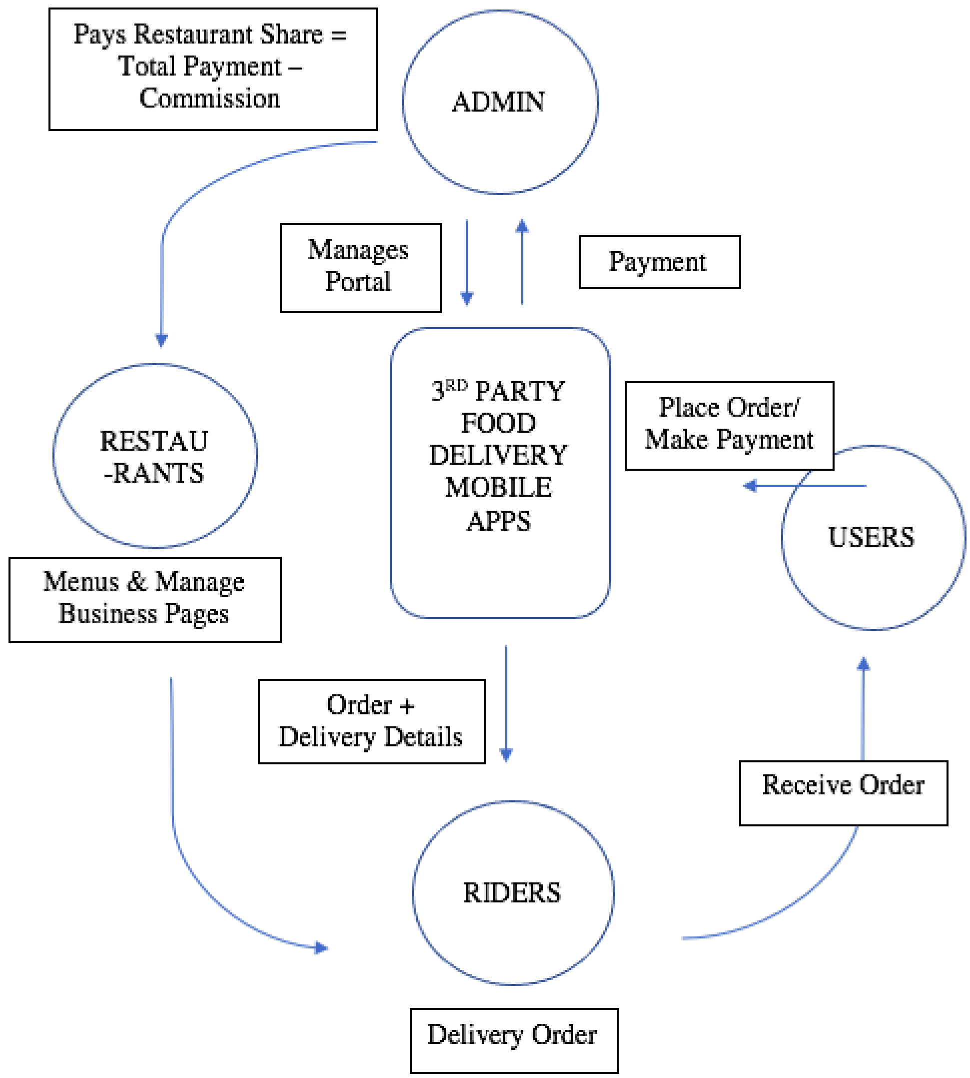


Figure 3: Porter's Five Forces

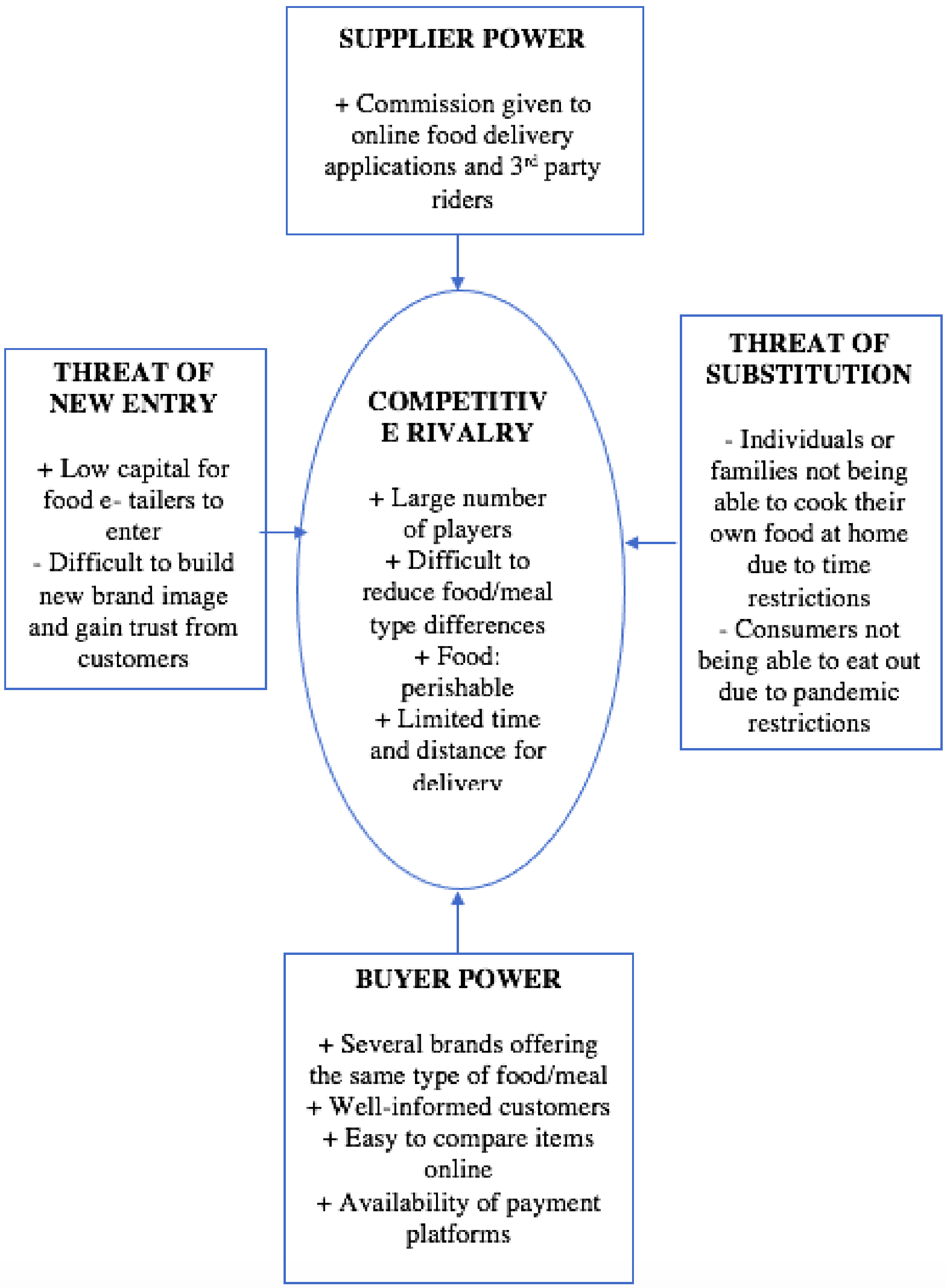


Figure 4: Consumer Buying Process Model

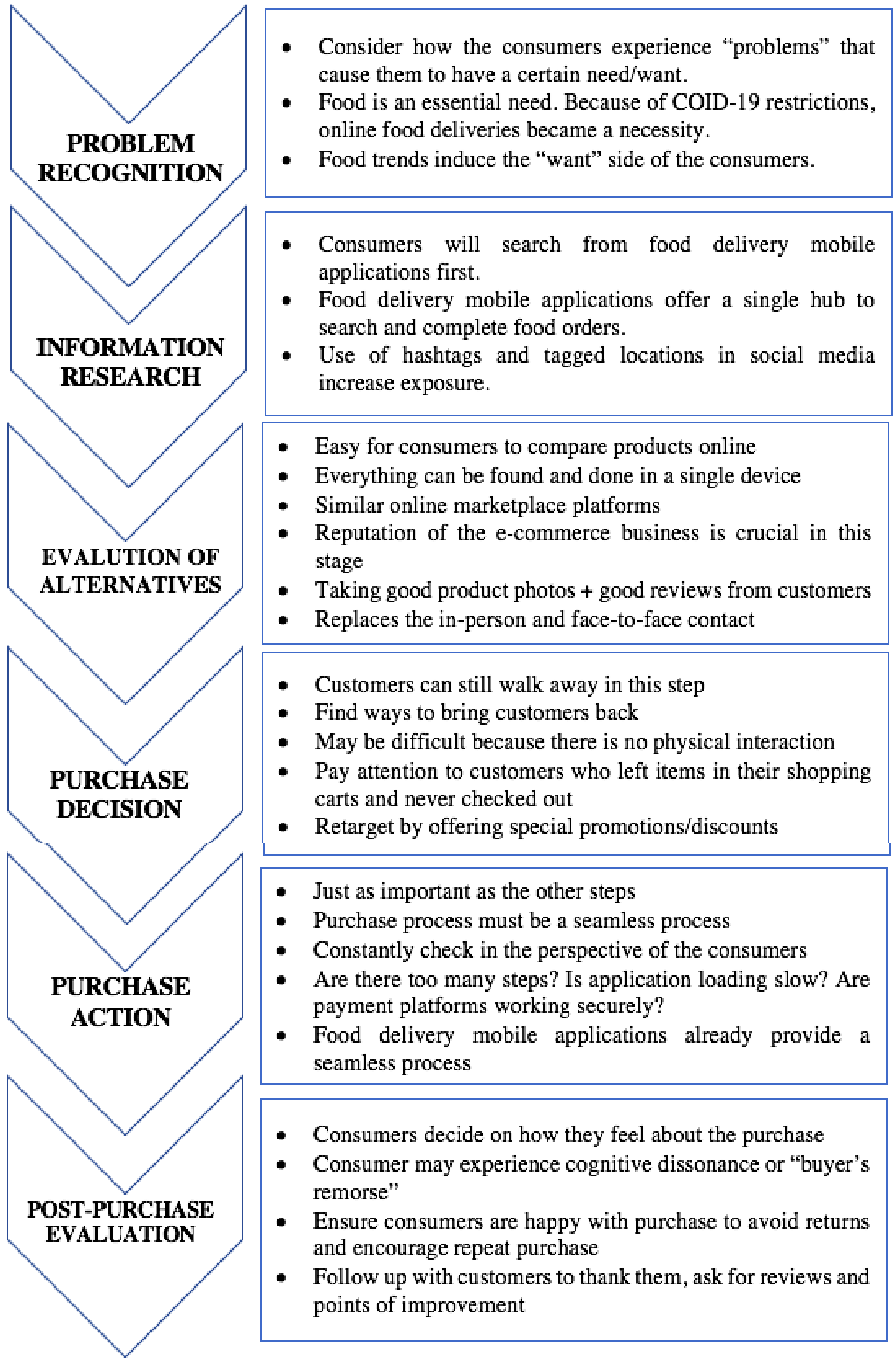


Figure 5: Conclusions & Recommendation: Diagram IA

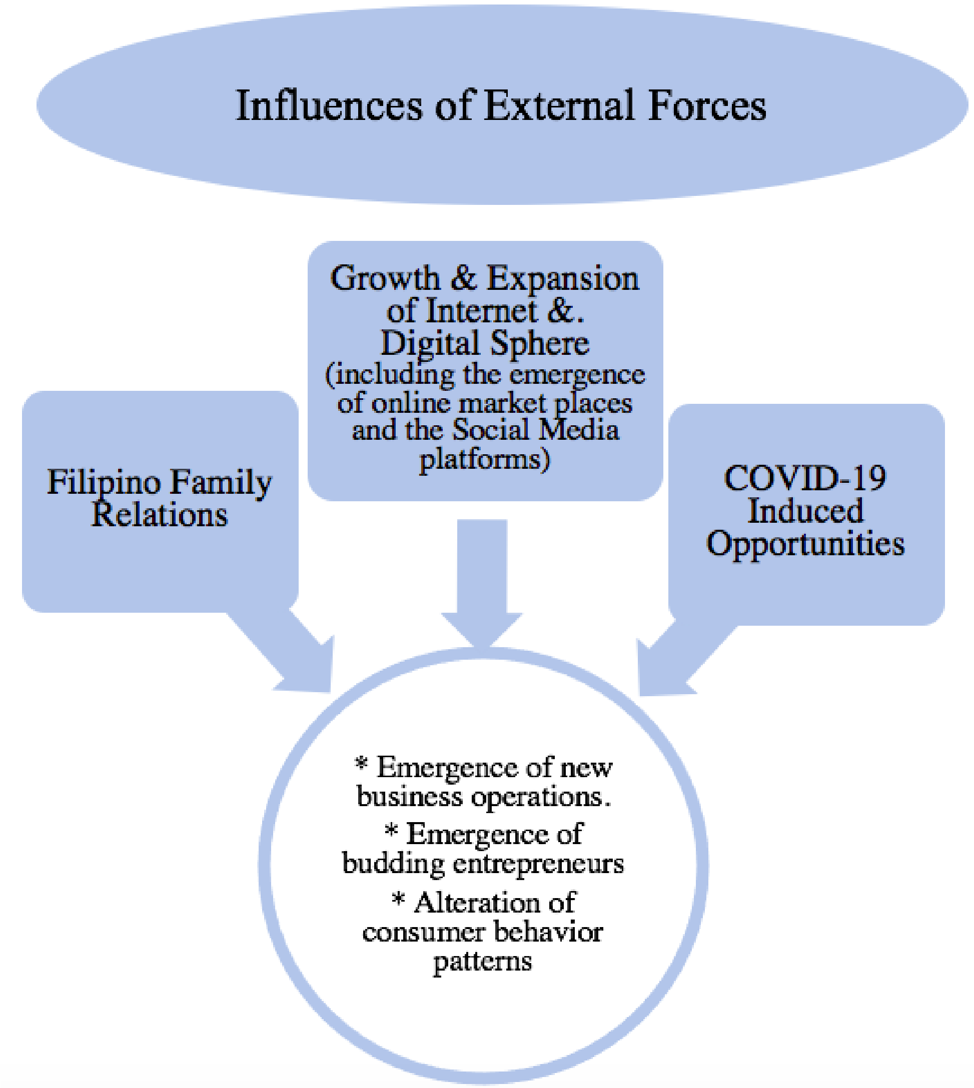


Figure 6: Conclusions & Recommendation: Diagram IB

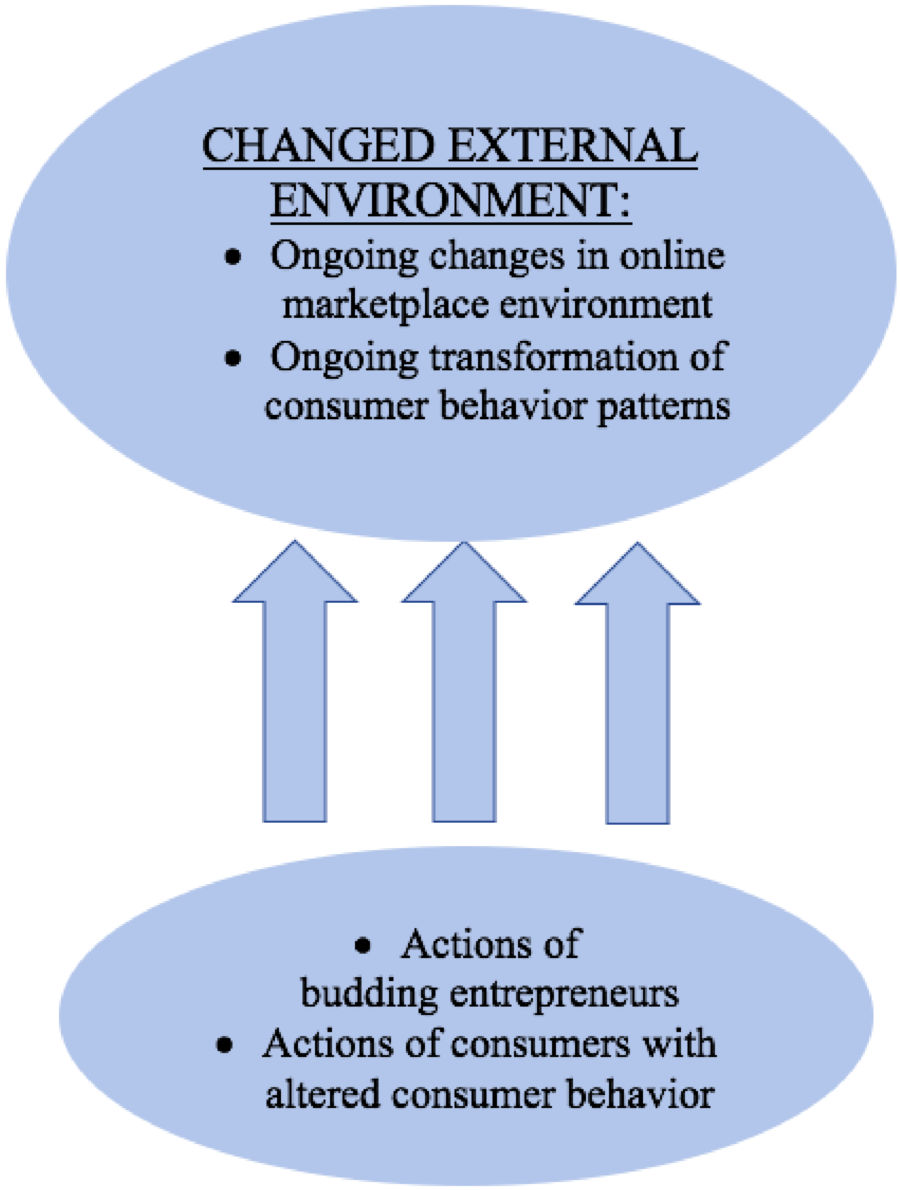
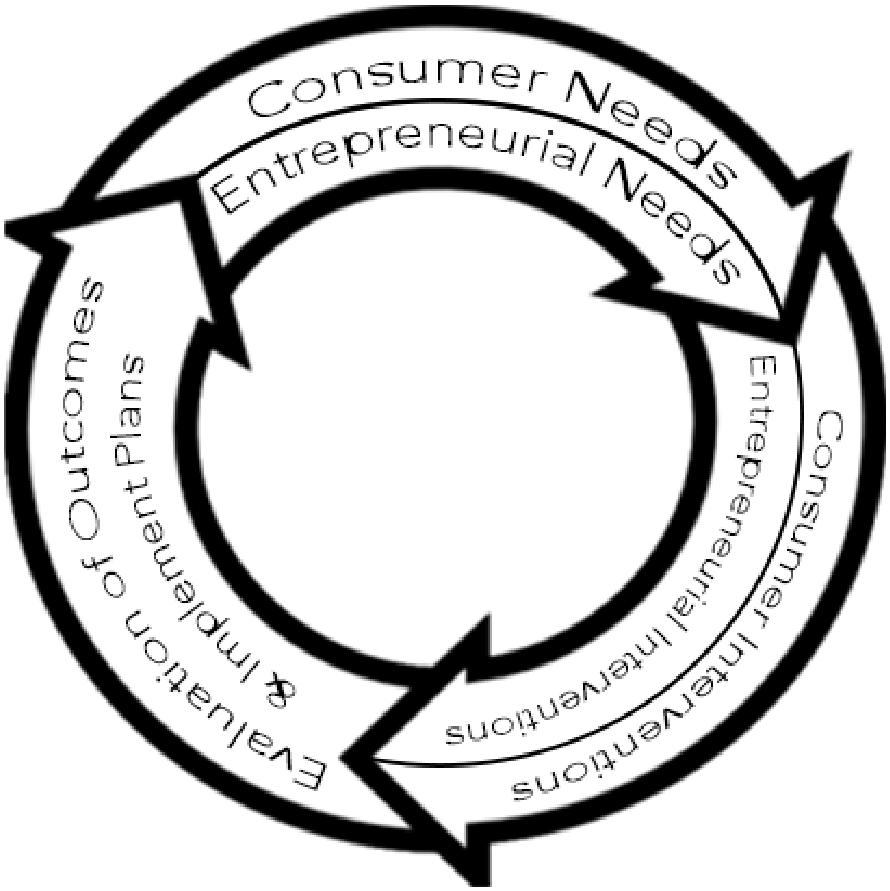


Figure 7: Conclusions & Recommendations: Diagram II



REFERENCES

[1] Cullinane, M. (2021, March 26). *Britannica: Philippines*. https://www.britannica.com/place/Philippines/Plant-and-animal-life

[2] Worldometer. (2021, March). *Philippines Population*. https://www.worldometers.info/world-population/philippines-population/

[3] World Health Organization. (2021). *Coronavirus disease (COVID-19) pandemic*. https://www.who.int/emergencies/diseases/novel-coronavirus-2019?adgroupsurvey={adgroupsurvey}&gclid=CjwKCAjwu5CDBhB9EiwA0w6sLYIYmsOB3fn3K7_e72NoyRbkolggDmjsrFEdAXdwkd70XteKY-w9vRoCJesQAvD_BwE

[4] Bautista, D. (2020, April 21). *TIMELINE: How the Philippines is handling COVID-19*. https://www.cnnphilippines.com/news/2020/4/21/interactive-timeline-PH-handling-COVID-19.html

[5] Charumilind, S. (2021, January 20). *When will the COVID-19 pandemic end?*. https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/when-will-the-covid-19-pandemic-end

[6] Sanchez, M.J. (2020, March 26). *Statista: Estimated cumulative losses on gross value added in select key economic sectors due to the corona virus COVID-19 in the Philippines in 2020, by sector*. https://www-statista-com.jerome.stjohns.edu/statistics/1106974/philippines-coronavirus-covid19-economic-impact-gross-value-added-key-figures/

[7] Lazo, N. (2020, December 15). *10.9 million Filipinos lost jobs, had lower incomes due to COVID-119 pandemic: ILO*. https://news.abs-cbn.com/business/12/15/20/109-million-filipinos-lost-jobs-had-lower-incomes-due-to-covid-19-pandemic-ilo

[8] Asian Peoples' Movement on Debt and Development (APMDD). (2020, October 8). *The Philippines, Covid-19 and debt: Left alone to deal with the pandemic*. https://www.eurodad.org/the_philippines_covid_19_and_debt_left_alone_to_deal_with_the_pandemic

[9] PWC Philippines. (2020, May). *Startups and the business impact of COVID-19*. https://www.pwc.com/ph/en/publications/startups-pwc-philippines/startups-covid19.html

[10] Meyer, Susan. (2020). *Understanding the COVID-19 Effect on Online Shopping Behavior*. https://www.bigcommerce.com/blog/covid-19-ecommerce/#understanding-panic-buying-and-coronavirus

[11] Sanchez, M.J. (2020, June 18). *Statista: E-commerce market size in the Philippines in 2015 and 2019 with a forecast for 2025*. https://www-statista-com.jerome.stjohns.edu/statistics/1125455/e-commerce-market-size-philippines/

[12] Fat Bit Technologies. (2021). *Online Food Ordering Marketplace: What Makes It a Good Business Idea & Future Opportunities*. https://www.fatbit.com/fab/online-food-ordering-marketplace-makes-good-business-idea-future-opportunities/

[13] Crismundo, K. (2020, October 5). *Neighborhood online group turns into food biz delivery platform*. https://www.pna.gov.ph/articles/1117476

[14] Lalu, G.P. (2020, August 20). *24-hour takeout, food delivery services now allowed in Manila*. https://newsinfo.inquirer.net/1324491/24-hour-takeout-delivery-food-services-now-allowed-in-manila

[15] Matt, . (2020, November 5). 4 Popular Online Food Delivery Apps Now in the Philippines. https://mattscradle.com/food-delivery-apps-philippines-online/

[16] Chan, V. (2020, August 13). *Grab CEO Anthony Tan says the pandemic's digital revolution is 'permanent'*. https://fortune.com/2020/08/13/grab-ceo-anthony-tan-covid-pandemic-digital/

[17] Statista. (2021). *Online Food Delivery Digital Market: Philippines*. https://www-statista-com.jerome.stjohns.edu/outlook/374/123/online-food-delivery/philippines

[18] International Trade Administration. (2020, July 22). *Philippines - Country Commercial Guide - E-Commerce*. https://www.trade.gov/knowledge-product/philippines-ecommerce

[19] Mendoza, N.F. (2019, November 12). *US Cities with the fastest and slowest internet speeds*. https://www.techrepublic.com/article/us-cities-with-the-fastest-and-slowest-internet-speeds/#:~:text=The%20nationwide%20average%20internet%20speed,reaching%20up%20to%20100.8%20Mbps

[20] Supan, J. (2020, December 14). *US now ranks 27th globally for mobile download speed - behind such countries as Albania and Austria*. https://www.allconnect.com/blog/us-mobile-speeds-globally#:~:text=According%20to%20the%20latest%20report,connection%20at%20the%20same%20time

[21] Arreola, R.H.S.. (2020, July 28). *The "New Normal" of Increased Online Businesses Transactions, and Revisiting Revenue Memorandum Circular No. 55-2013*. https://home.kpmg/ph/en/home/insights/2020/07/the-new-normal-of-increased-online-business-transactions.html

[22] International Trade Administration. (2020, July 22). *Philippines - Country Commercial Guide - E-Commerce*. https://www.trade.gov/knowledge-product/philippines-ecommerce

[23] Sanchez, M.J. (2020, August 11). *Statista: Likelihood of ordering online after lockdown due to COVID-19 Philippines 2020*. https://www-statista-com.jerome.stjohns.edu/statistics/1147633/philippines-likelihood-of-ordering-online-after-lockdown-due-to-covid-19/

VITA

Name	*Anna Marie Sales Phillipneris*
Baccalaureate Degree	*Bachelor of Science,* *De La Salle University, Manila, Philippines* *Major: Marketing Management*
Date Graduated	*February, 2016*