

Influences of COVID-19 policies on food delivery companies

Group 1



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E.g. **Foodpanda**, **Deliveroo**
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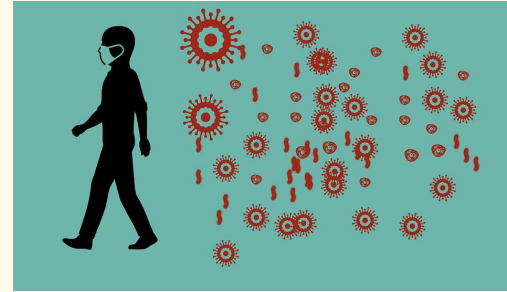


01

Background
about COVID-19

Coronavirus Diseases (COVID-19)

- Infectious diseases
 - Airborne transmission
 - Droplet transmission
 - Surface transmission
 - → High infection rate
- Omicron has been detected in Hong Kong in late November 2021
- Have already reached the 5th wave
- Several policies have been implemented to control the outbreak of COVID-19



02

Description on policies carried out under COVID-19

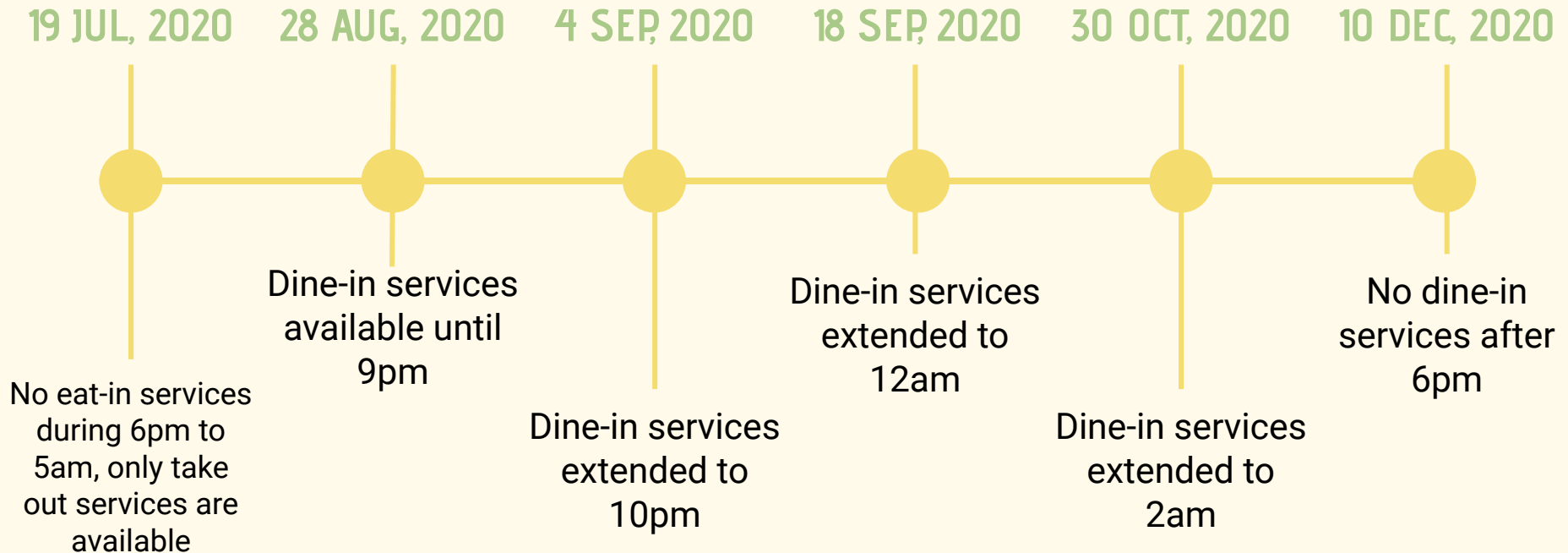


Policies carried out under COVID-19

- Social distancing
- Home quarantine
- Work-from-home
- Restrictions on gathering sizes
- Closure of leisure and entertainment venues
- Restrictions on restaurants
 - Distance between each table
 - 1.5 meters
 - Number of seats per table
 - Business hour for dine-in services



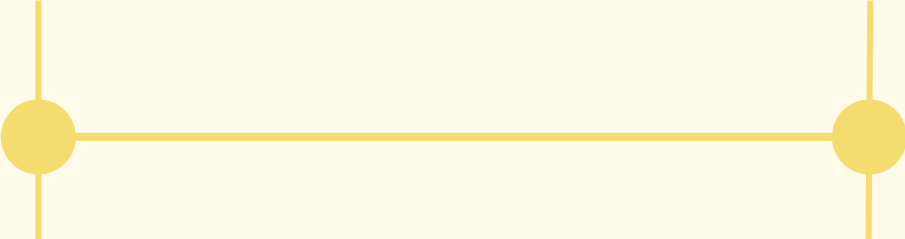
Restrictions on restaurants



Restrictions on restaurants

18 FEB, 2021

7 Jan, 2022



A horizontal timeline with two yellow circular markers connected by a yellow line. The first marker is on the left, and the second is on the right. Vertical yellow lines extend from each marker. The text 'Dine-in services extended to 10pm' is positioned below the first marker, and 'No dine-in services during 6pm to 5am' is positioned below the second marker.

Dine-in services
extended to 10pm

No dine-in services
during 6pm to 5am

03

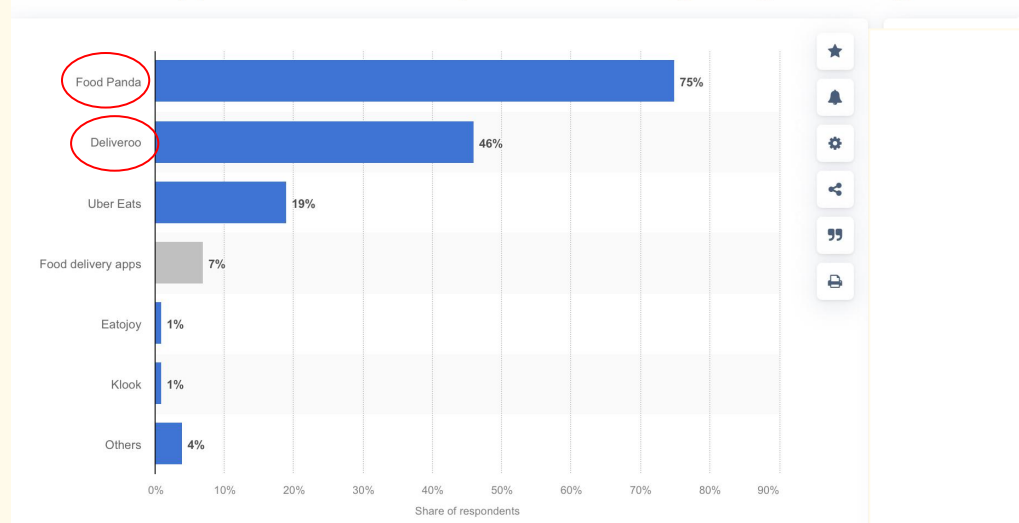
Background on food delivery companies



Lead firms in food delivery



Most used apps for food delivery orders in Hong Kong as of August 2021



- The first and largest online food ordering and delivery marketplace platform in Hong Kong
- A buyer-driven commodity chain
- Pursue a very short production lead-times

Horizontal integration in food delivery



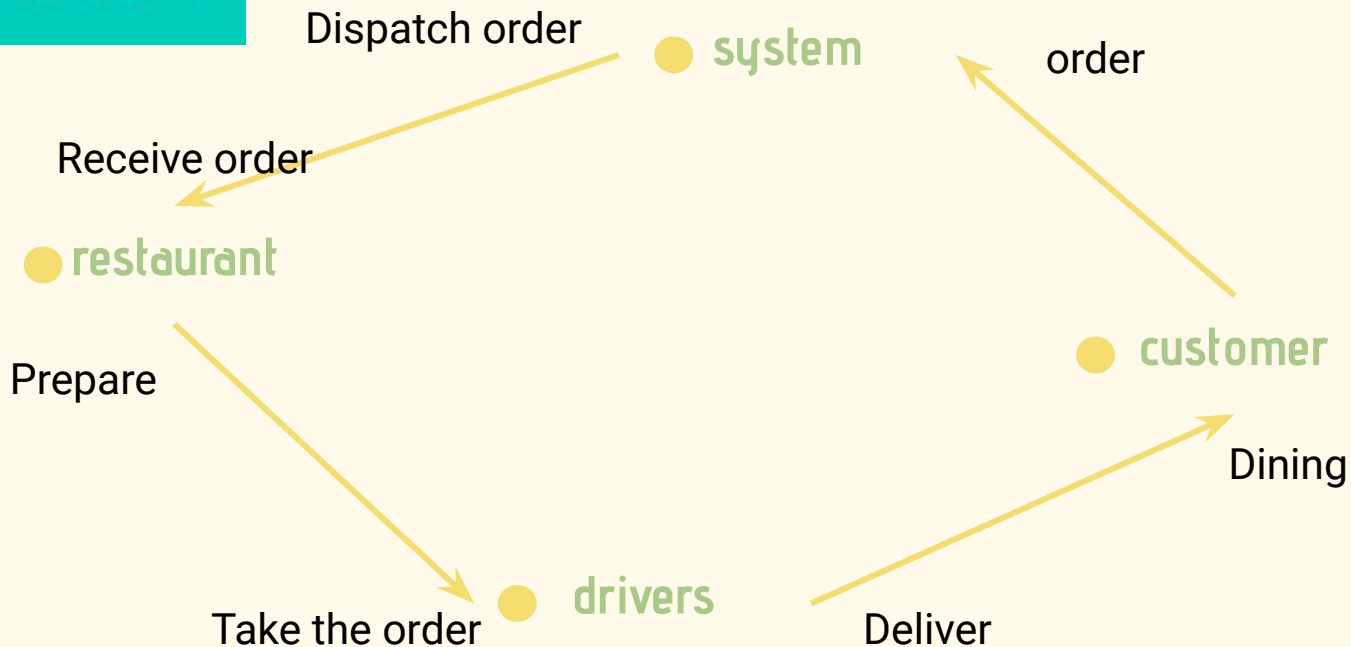
- Delivery Hero acquired foodpanda in 2016.
- After transaction, it strengthened Delivery Hero global leadership position in online food ordering and delivery
- Foodpanda also benefits from Delivery Hero's global capabilities and sharing of best practices.



win-win situation



Food delivery process



Food delivery companies



- A more decentralized networks
→ network throughout Hong Kong, Kowloon and New Territories
- Low barriers to entry in delivery:
→ It needs many food delivery riders in different regions → Labor intensive
- High barriers to entry in designs and development
→ The platform processes a large number of orders every day, or needs to develop different functions → It needs high-tech talents



04

**Comparison of
A)Consumer
B)Producer
Between Past & present**

Table 1. Time Spent Indoors on Weekdays and Weekends During the Normal and Pandemic Periods by Respondent Categories (Workers, Students, and Older People) in Different Indoor Environments

Indoor Environment	Respondent Type	Normal Period, Hours		Pandemic Period, Hours		Change, ^a %	
		Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
All indoor environments	Worker	22.7	19.6	22.4	20.9	-1.5	6.7
	Student	23.0	20.5	22.8	22.5	-0.8	9.3
	Older	21.3	21.0	21.7	22.0	2.2	4.9
	All	22.3	20.2	22.2	21.6	0	6.9
Residence	Worker	11.4	14.2	15.3	18.9	35.1	33.8
	Student	13.0	15.8	21.5	21.4	65.1	35.2
	Older	17.5	17.7	20.1	20.7	15.0	17.2
	All	13.7	15.4	18.3	20.1	33.1	30.2
Restaurant	Worker	1.2	1.7	0.5	0.5	-59.7	-70.9
	Student	1.0	1.6	0.3	0.3	-72.0	-78.4
	Older	1.0	1.0	0.4	0.3	-62.9	-71.6
	All	1.1	1.5	0.4	0.4	-64.3	-74.3
Shopping center	Worker	0.9	1.8	0.3	0.4	-70.4	-76.8
	Student	0.9	1.6	0.3	0.3	-70.3	-81.1
	Older	1.0	0.9	0.3	0.2	-69.5	-73.4
	All	1.0	1.5	0.3	0.3	-70.8	-77.9
Market	Worker	0.6	0.8	0.4	0.5	-29.1	-37.1
	Student	0.4	0.5	0.2	0.2	-58.3	-65.0
	Older	1.0	0.8	0.6	0.5	-42.7	-42.7
	All	0.7	0.8	0.4	0.4	-40.0	-44.4
Public transport	Worker	1.1	0.9	0.7	0.4	-33.7	-56.0
	Student	0.9	0.9	0.2	0.2	-71.7	-73.1
	Older	0.7	0.6	0.3	0.3	-52.8	-56.7
	All	0.9	0.8	0.5	0.3	-47.3	-61.3
Workplace	Worker	7.4		5.1		-31.0	
Place of study	Student	6.2		0.2		-96.5	

More detailed data are listed in [Supplementary Table S3](#).

^aChange = $\frac{\text{time during pandemic period} - \text{time during normal period}}{\text{time during normal period}} \times 100\%$.

Consumer behavior (Before & After)

Indoor Environment	Respondent Type	Normal Period, Hours		Pandemic Period, Hours		Change, ^a %	
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Restaurant	Worker	1.2	1.7	0.5	0.5	-59.7	-70.9
	Student	1.0	1.6	0.3	0.3	-72.0	-78.4
	Older	1.0	1.0	0.4	0.3	-62.9	-71.6
	All	1.1	1.5	0.4	0.4	-64.3	-74.3

- **Before:** People stay in restaurants for longer time
- The percentage of the time people spent on restaurant has **decreased** dramatically during the COVID-19 pandemic
- **After:** Less people eat in restaurants during COVID-19



Consumer behavior (Before & After)

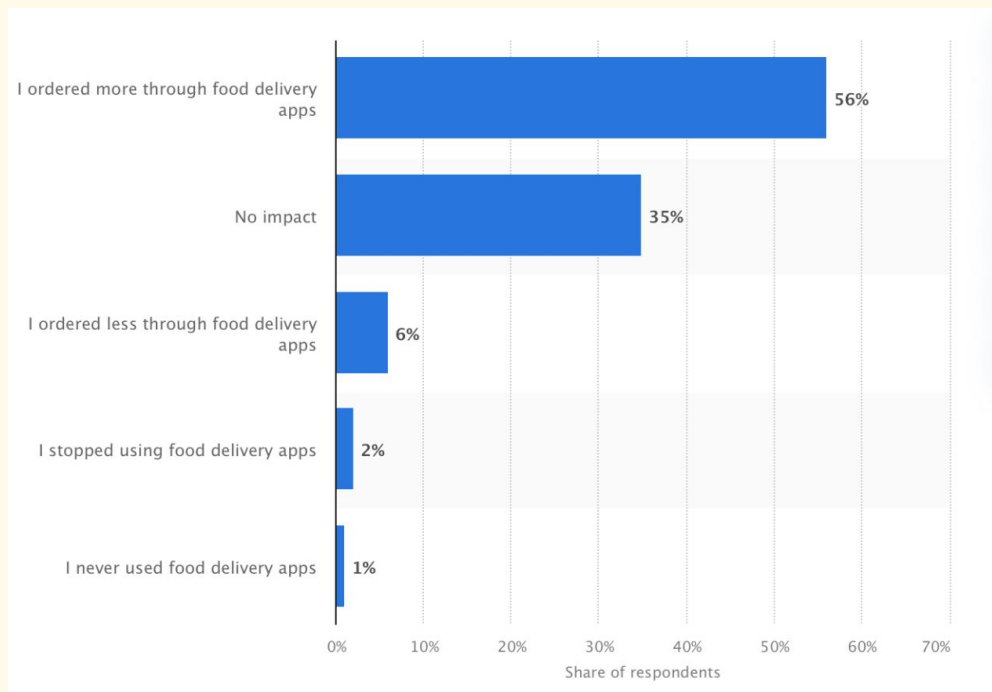
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	Older	17.5	17.7	20.1	20.7	15.0	17.2
	All	13.7	15.4	18.3	20.1	33.1	30.2



- **After:** People spent more time at home during the pandemic than before
 - Spending less time staying in restaurant
 - Ordering food delivery more frequently instead of eating in restaurants

Consumer behavior (Before & After)

Impact of Coronavirus (COVID-19) pandemic on food delivery app usage in Hong Kong as of June 2020



- The majority of respondents have used food delivery apps before
- Increased use of food delivery services during COVID-19

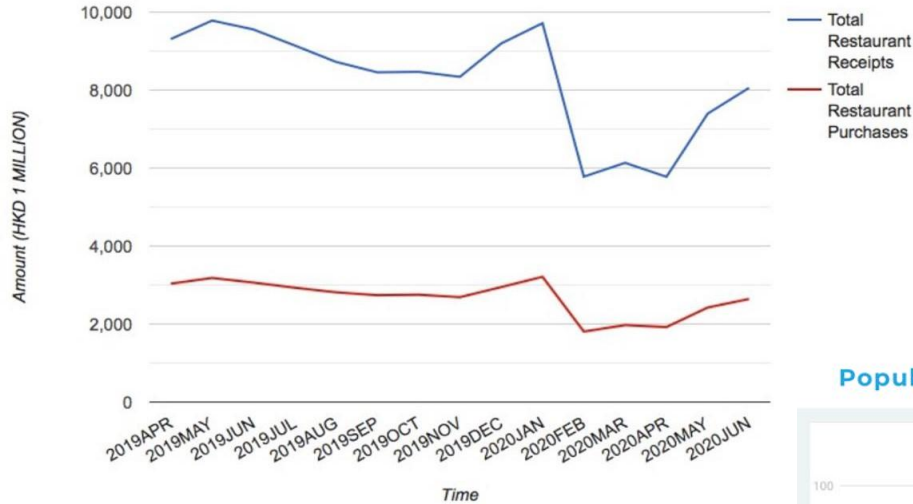


Producer (Before & After)

Volatility of HK's F&B Industry Apr 2019 - Jun 2020

Data courtesy of: censtatd.gov.hk

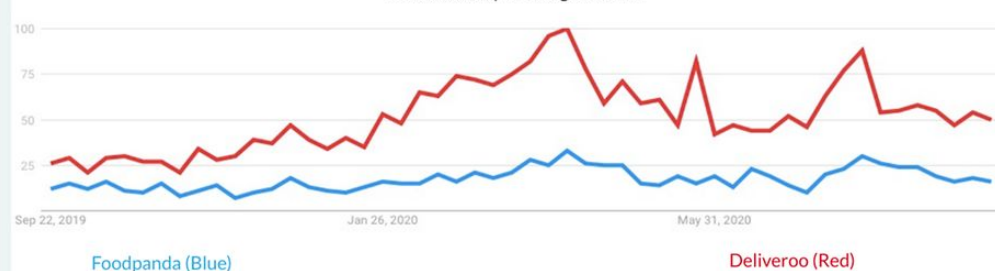
Value of restaurant receipts and restaurant purchases, 2nd quarter of 2019 to 2nd quarter of 2020



- Restaurant began to see the value in offering delivery options alongside their dine-in offerings under pandemic

Popularity of Web Searches for Deliveroo and Foodpanda in Hong Kong

Data courtesy of Google Trends



- The more restaurants use delivery services, the more restaurants receive receipts and purchase numbers

why restaurant owners have turned to delivery to supplement their dine-in business practices.

Strict social
distancing
measures

Convenience

Work from
home policies

Contactless
method



Producer (Before & After)

The Biggest Food Delivery Companies in Hong Kong

Data courtesy of SCMP

Deliveroo

6500 Restaurant Partners

60% increase in order volume
in Jan 2020

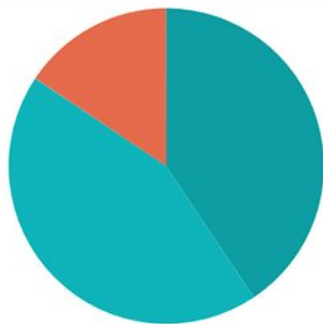
Food Panda

7000 Restaurant Partners

80% increase in demand in
Feb 2020

Uber Eats

2500 Restaurant Partners



Deliveroo (40.63%) Food Panda (43.75%)
Uber Eats (15.63%)

Before Covid-19, only 5-8% of Hongkongers used online on-demand food delivery applications to order food.



Brian Lo,
general manager of Deliveroo Hong Kong



5.1

Advantages and disadvantages to Food delivery companies

Advantages:

1. Attract more restaurants to join takeaway platforms

- **Food delivery platforms implement policies to help restaurants**

Deliveroo:

1. Establish a small and medium-sized restaurant management team
2. Help expand virtual brand which provide consumers with hyper-personalised food options to increase revenue
3. Implement a mall co-operation scheme to provide restaurant with new ways to reach customers
4. Commission fee discounts and a commission payment delay scheme for restaurant partners



1. Attract more restaurants to join takeaway platforms

Foodpanda:

1. Launch discounts at designated stores
2. Allow restaurants to delay paying commissions for 3 months
3. Restaurants can register as a subsidized restaurant in the bailout program
 - > their results in real time are monitored and analysis suggestions are provided



1. Attract more restaurants to join takeaway platforms

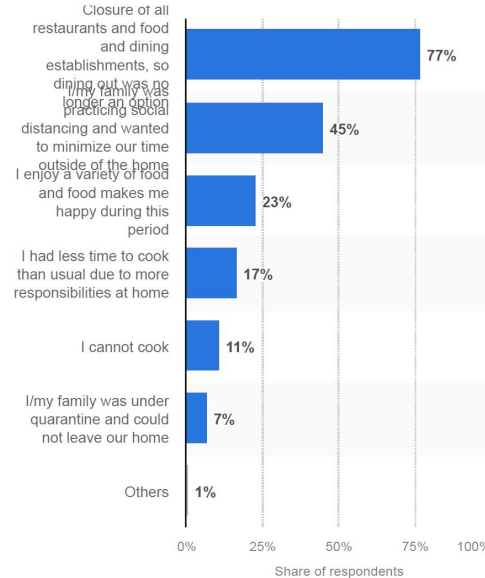
Results:



- **Deliveroo:**
 - The number of restaurants inquired about cooperation increased by 3 times in February 2020
 - **50 to 80%** revenue growth for restaurants during the epidemic
- **Foodpanda:**
 - Restaurant partners increase to **12,000** by the end of 2020

2. Attract larger amounts of customers

Reasons for increasing orders through food delivery apps during the coronavirus (COVID-19) pandemic in Hong Kong as of June 2020



Details: Hong Kong; June 11 to 30, 2020; 1,847 food delivery app users; 16 years and older; among 1,237

- Two main reasons for increasing usage of food delivery platforms:
 - 77%** Closure of all restaurants and dining establishment
 - 45%** Minimize the time outside of the home

2. Attract larger amounts of customers

- More reliant on food delivery platforms due to COVID-19 policies
e.g. prohibition from dine-in after 6pm,
restrictions on the number of diners
- Fear of infecting the COVID-19 virus



2. Attract larger amounts of customers

- Delivery platforms provide incentives for customers
 - Offer up to 40% off pick-up orders
 - Unlimited free delivery for subscribers of Pandapro, Foodpanda's membership program

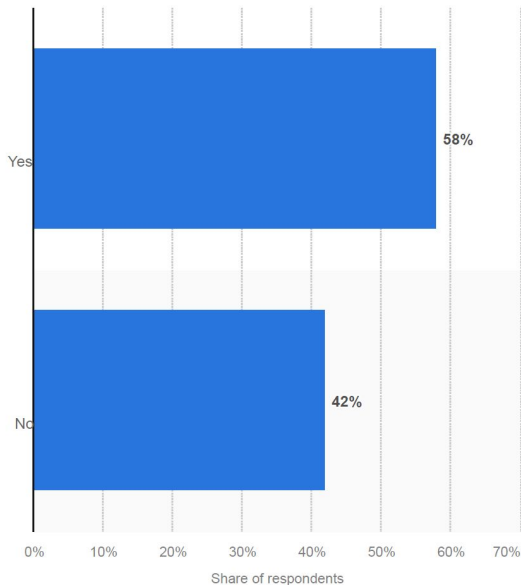
Results:

- Deliveroo and Foodpanda orders increased by **60%** and **50%** respectively



3. Exposure to new potential customers

Share of respondents who would keep using food delivery apps as often after social distancing measures were lifted due to COVID-19 pandemic in Hong Kong as of August 2021

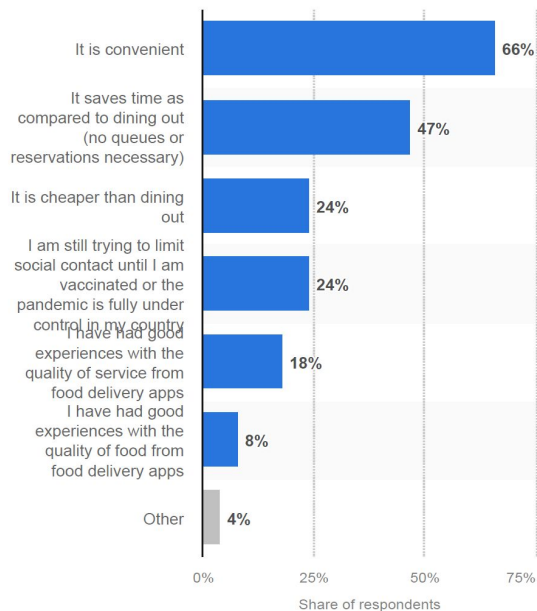


Provide opportunities for new customers to experience using the platforms:

- Before pandemic:
Rarely used food delivery platforms
- During pandemic:
Discovered the benefits of platforms
- Around **60%** respondents would keep using the apps even **after the cancellation of social distancing measures**

3. Exposure to new potential customers

Reasons to continue ordering from food delivery apps after COVID-19 restrictions are eased in Hong Kong as of August 2021



Details: Hong Kong; August 12 to 30, 2021; 1,965 respondents; 16 years and older; figures include only

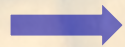
- Two main reasons to continue using apps after COVID-19
 - **66%** More convenient
 - **47%** More time efficient

Disadvantage:

1. Fail to handle sudden increases in usage

According to the Consumer Council:

- Complaints increase from 101 in 2019 to 637 in 2021
E.g. Late Delivery, Cancelled Delivery and Lost Orders
- The amount involved in complaints surged by 80% compared with the previous year, exceeding HK\$150,000



1. Damaged reputation
2. Users lose confidence in online delivery platforms

2. Increased operational burden

- Employees and riders must check physical condition regularly to ensure their health
Deliveroo:
 - Offer WHO-recommended Covid-19 testing and emergency aid to riders
 - Provide riders and their families with special medical benefits
E.g. coverage for general practitioner

The responsibility to guarantee employee's safety

➡ Higher operating cost





5.2

Advantages and disadvantages to Customers

2 Types of Customers



Consumers

Who **order food** from food delivery app



Restaurant Partners

Who **cooperate** with food delivery companies in delivering food to consumers

Advantages:

1. Cost-reduction policies

Foodpanda: implementing policies to **relieve financial stress** of all parties in customer's category

Consumers	Restaurant Partners
<ul style="list-style-type: none">• Free delivery = excluding transport fee	<ul style="list-style-type: none">• Platform-wide free delivery promotion = excluding part of the commission

Aid on **50%** growth for restaurants



→ Benefitting **all** Foodpanda consumers + **> 7,000** Hong Kong-based restaurants

2. Lowering risk in exposing to COVID-19 in public area



Contactless Delivery

We have launched "Contactless Delivery" in early 2020 to protect the safety and health of our fleets and customers. Feel free to refresh your memory from time to time!

Delivering Contact-free



Check the delivery notes to see if the customer has requested a contact-free delivery



Let the customer know you've arrived by calling, or sending them a message through 'customer chat' Coordinate with the customer to leave the order in a safe place if door-to-door delivery is not available



Place the order in a safe place, take a step back and wait for them to collect the food



Mark the order as delivered when the customer has collected the food

Foodpanda + Deliveroo

< Contactless Delivery >

- Customers can avoid contacting with the food deliverer
- Deliver to lobby (**current most-adopted measure**)
- Social Distancing
- Ensuring the safety of health

<Sanitization>

- Sanitizing the thermal bag before any shifts
- Sanitizing Hands (deliverer)



Wear masks at all times
任何時候均需配戴口罩



Clean your thermal bag before any shifts
在更份開始前消毒你的保溫袋



Follow guidelines for registration and body temperature taking when entering any building
配合商戶或大廈登記及量度體溫的措施



Drop off orders at building lobbies for hospitals or other high risk areas
只需要將送遞到醫院或任何較高風險地區的訂單送遞至大堂即可



3. Greater flexibility in choosing restaurants

- Deliveroo:
 - The number of restaurants inquired about cooperation increased by **3 times** in February 2020
- Foodpanda:
 - Restaurant partners increase to **12,000** by the end of 2020

- **Increasing** number of restaurants in HK joined the plan of food delivery companies
- **Increasing** choices of restaurants in the **app**
- Enjoying **greater flexibility** in online platform than in-store dining

Disadvantages:

1. Decreasing quality of food delivery

According to Consumer Council (2021), they received a total of **637** complaints about food delivery platform = **>14 times** (last year) + a **sum** of past **7** years

- **Delayed delivery**

- Hong Kong people order food from food delivery app—

Before COVID-19: **5%-8%**

V.S.

After COVID-19: **>10% C**

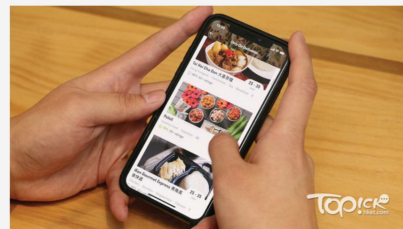
Challenge: Limited riders V.S. rapid demand increase

- **Delivering wrong/missed orders**
- **The food/drinks ordered are destroyed**

【消委會】外賣平台投訴按年飆4倍 顧客白等個半鐘獲知不會送餐

社會 11:12 2020/07/15 讀好 2

熱門 1萬消費券 快速檢測 家族榮耀



▲ 外賣點餐平台服務有不少條款，消委會提醒市民要留意。（經濟日報資料圖片）



1. Decreasing quality of food delivery

- **Slowing down in delivery rate/ punctuality**
- **Delivering wrong/missed orders**
- **The food/drinks ordered are destroyed**

Consequences/ impacts on Consumers + Restaurant partners:

Consumers	Restaurant Partners
<ul style="list-style-type: none">• Unsatisfactory experience• Degraded quality of food/drinks• Distrust in food delivery platform	<ul style="list-style-type: none">• harmed reputation Inter-related to the performance of food delivery platform• Create loss / potential loss E.g. late food delivery→ food quality degraded→ negative comments towards the restaurant

2. Bias towards non- smartphone users

Non-smartphone users : **Children** in primary school/ **elderly**/ **visually impaired people**

#Digitalization

- Do not own a smartphone/ cannot install food delivery app
- Only accept electronic payment methods e.g. credit card, debit card



Why Doesn't Deliveroo Accept Cash?

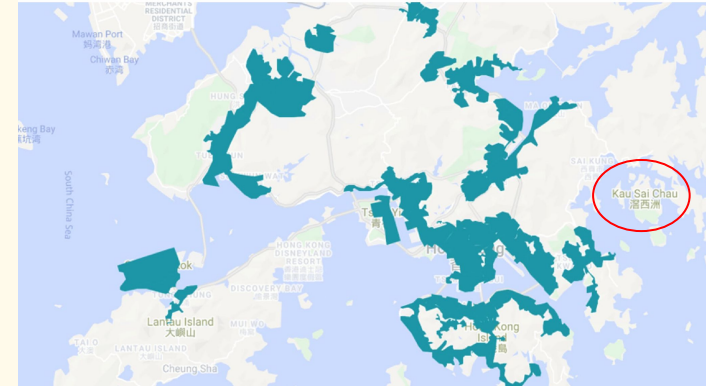
We only take card payments because it lets us provide you with the best possible experience. It creates a safer working environment for riders too. Feel free to tip your rider in cash.



The **non- smartphone users CAN'T benefit from the usage of food delivery app** even they are influenced by the pandemic policies

3. Unfavourable circumstances

- Food CANNOT be delivered to
 - remote areas E.g. Kau Sai Chau
 - restricted zones i.e. districts where found to have cases of tested COVID-19 positive are restricted to any entrance or departure



We have been providing food delivery services to more areas in Hong Kong.

- Bad weather condition
 - E.g. Typhoon, heavy rain
 - E.g. 13th October, 2021, typhoon signal no.8 was issued, not many restaurant partners are available for taking orders
 - Secure the safety of the riders

➡ Delayed delivery/ cancellation of orders

All Delivery Zones

*Only walker shifts are available for all underlined zones

Foodpanda

HK Island

Aberdeen
Admiralty
Ap Lei Chau
Central
Chai Wan
Happy Valley CWB
Kennedy Town
Quarry Bay
Shau Kei Wan
Stanley
The Peak
Tin Hau CWB
Wan Chai CWB
Wong Chuk Hang

Kowloon

Kowloon Bay
Kowloon City
Kwong Tong
Lai Chi Kok
Mongkok
Sau Mau Ping
To Kwa Wan
TST
Tsz Wan Shan
Yau Tong

New Territories

City One
Hung Shui Kiu
Kwai Chung
Lohas Park
Ma Liu Shui
Ma On Shan
Sai Kung
Sha Tin
Sheung Shui
Tai Po
Tai Wai
Tin Shui Wai
Tseung Kwan O
Tsing Yi
Tsuen Wan
Tuen Mun
Tuen Mun North
Tuen Mun South
Tung Chung
Yuen Long





06

Conclusion

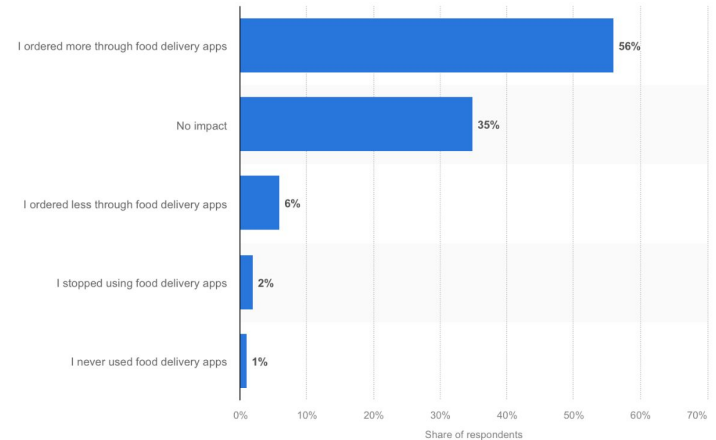
Why there is still an increasing demand on food delivery services despite of the emergence of all the disadvantages?

Conclusion

Why there is still an increasing demand on food delivery services despite of the emergence of all the disadvantages?

- ❖ The benefits can still outweigh the downsides
- ❖ Under the government policies on COVID-19
→ limited alternative measures
- ❖ The prohibition on group gatherings in public places being further extended
→ the demand of food delivery services will continuously increase.

Impact of coronavirus (COVID-19) pandemic on food delivery app usage in Hong Kong as of June 2020, by gender



The end of presentation



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Resources

1. <https://www.chinatimes.com/realtimenews/20200324001055-260410?chdtv>
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Resources

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15. <https://topick.hket.com/article/2696087/【消委會】外賣平台投訴按年飆4倍%E3%80%80顧客白等個半鐘獲知不會送餐>
16. <https://blog.eats365pos.com/blog/post/how-covid-19-popularized-food-delivery-in-hong-kong-263>