

Review Article

The Impact of Food Ordering Systems on Restaurant Profitability: A Review

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A B S T R A C T

The internet has become a powerful form of media, with traditional media consumption declining and online media consumption growing. The younger generation is driving businesses to adopt online strategies to revive sales. Restaurant companies are now offering Made to Order (MTO) food without a physical store, using online platforms to connect with customers. Intermediaries, such as food ordering and delivery companies, have also emerged, generating income through commission fees, customer delivery fees, or both. Online food apps offer convenience and choice for customers, while restaurants focus on local customers to maximize their business output. Mobile apps play a crucial role in stabilizing sales and sustaining businesses, regardless of size.

Keywords: Restaurants, Mobile App, Food, Media, Customer

Introduction

The introduction of the Internet and the development of related technologies have had a profound effect on people's lives all over the world. The rise of online retailers that offer goods and services has had one of the biggest effects on marketers. Nowadays, consumers can buy goods and services almost anywhere, at any time, seven days a week, without regard to location or time. One of the key sectors driving the expansion of the Indian service sector is the hospitality sector. The hospitality sector has developed sensitivity to the requirements and preferences of the populace. In hotel marketing, the terms "customer satisfaction" and "loyalty" are commonly used. It gauges how well a company's goods and services live up to consumer expectations. The number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services exceeds satisfaction goals," is how customer satisfaction is defined. Loyal clients freely share their opinions through word of mouth. The decision-making process in the food service industry has both external and intrinsic elements. Extrinsic factors include culture, socioeconomic status, peer

group, household, whereas internal factors include needs, experiences, self-perception, personality, self-image. Even the younger generation uses their mobile devices to donate to charities. In fact, about 50% of donors choose to give over the phone. Shopping in groups and asking for advice from others are two behaviours that distinguish millennials from past generations of consumers. When children eat out, they frequently look for something unique, adventurous, memorable, or new to experience throughout their meal.

Statement of Problem

Online food delivery is starting to overtake traditional food distribution as the vogue. If the internet food supply sector develops to its full potential in the ensuing years, it may surpass the conventional food supply industry in size. In this instance, there is a chance to examine the adjustments made to the restaurants' offerings as a result of the new transition's implementation and the customers' desire for such adjustments. When compared to the sit-and-dine approach, where clients are lost during peak hours, a greater number of customers may be served without any mess thanks to the development of novel technologies. The study so primarily focuses on how the distribution format

maintains customer loyalty, how it successfully manages expenses, how it boosts corporate productivity.

Significance of The Study

There are many chances on the internet because of the swift expansion of internet usage and related technology. The internet has enabled a huge number of enterprises and organisations to do business comfortably. One of the businesses the internet brought about was an online system for ordering food. Today's restaurants frequently prioritise quick order preparation and delivery over providing a satisfying eating experience. Recently, phone calls have been used to place the majority of these delivery requests. Today's restaurants frequently prioritise quick order preparation and delivery over providing a satisfying eating experience. Recently, the majority of these delivery orders have been placed over the phone. For restaurants to effectively use the online food delivery system, it is increasingly vital to investigate how far these web applications are employed to reach their clients.

Scope of The Study

The purpose of the study is to learn more about the current shift from traditional to online restaurant delivery. The study is only applicable to Kerala, all registered restaurants are considered without respect to any discernible differences. The study's main goal is to assess the brand perception, revenue, profitability of online restaurant meal applications.

Objectives

1. To study how restaurants manage the cost of products delivered via food apps.
2. To find out the impact on sales after online food apps have been introduced.
3. To identify whether the restaurants ' corporate image has improved through the use of technology.

Research Methodology

The research is descriptive, both primary and secondary sources were used to compile the data. By sending questionnaires to a variety of registered eateries, primary data is gathered directly from the original source. The secondhand information gathered from a variety of media, including periodicals, newspapers, etc. Judgmental sampling is the sample approach that is employed. Analyses are conducted using mathematical and statistical methods.

Review of Literature

(2018) Anuj Pal Kapoor

Online food delivery aggregators (OFAs), which are increasing choice and convenience by enabling customers to order from a variety of restaurants with a single tap on their smartphones, are important. This is highlighted in the

article "Technology at dinner table: ordering food online through mobile apps".

The study "A survey on touch-based food ordering system in restaurants" by Tanna and Harshal Utekar (2018) explores various methods and algorithms for completely digitising the food ordering system. The findings show that the methods and tools employed in the suggested system are all intended to boost its effectiveness through improved outcomes. As a result, these methods aid in improving the system's accuracy and producing more acceptable outcomes.

Manoj Timilsina's 2017 thesis, "Impacts of Social Media in Restaurant Business: A Case Study on Restaurant Based on the Oulu Region," explores the effects social media has on the restaurant industry and how it affects business operations. According to the findings, social media has a favourable effect on the restaurant industry.

In her 2016 article "Food ordering system using a mobile phone," Leong Wai Hong looks at how technological improvements across a variety of sectors have altered business models and enabled growth. Systems that are effective can increase the productivity and profitability of restaurants.

Improvements of online food delivery based on customer complaints by Hong Lan, Li Yanan, Wang Shuhua (2016) notes that the market for online food delivery is still developing and that there are certain glaring issues that are evident from client complaints. The article "Online food order system for restaurants" by Mayurkumar Patel (2015) primarily makes suggestions for how to create an online food ordering system that benefits both customers and eateries. The major goal is to demonstrate how this method will enable hotels and restaurants to expand their clientele by lowering personnel costs.

A research report by Serhat Murat Alajoz and Haluk Hekimoglu (2012) titled "A study on TAM: analysis of customer attitudes in food ordering system" utilised the technology acceptance model (TAM) as a foundation to examine how well online food delivery systems are received. After doing a data study, they discovered that people's attitudes about purchasing meals online change depending on the process's simplicity and utility as well as how inventive they are with regard to IT, how much they trust online shops, other external factors.

Limitations of the study

Each study is suffering from certain obstacles. The main problems that arise in conducting the research are

1. As the research is based on the sample, the findings cannot be generalized as such.

2. In the respondents' answers, there may be some prejudice that may affect the analysis.
3. Time in the course of the study is a significant constraint.

Major Findings

In light of this, the current study was conducted with the aim of determining the impact of registered restaurants using online food applications. An effort is made in this chapter to present the study's findings and offer recommendations in light of them.

1. According to the report, Zomato is the most popular web application among restaurants since it increases sales for them by providing offers and lowering their commission.
2. According to the survey, practically all eateries offer juices and smoothies, along with culinary items including south Indian, north Indian, Arabian cuisine, to customers via online media.
3. It has been shown that the majority of restaurants claim that providing for patron needs results in higher service costs. Only a minor portion of the entire cost is made up of labour costs, materials costs, maintenance costs. According to the respondents, these prices are reasonable for offering direct delivery in addition to online services.
4. The study demonstrates that, in compared to offline service delivery, online food delivery has resulted in restaurants paying an extra service fee to make food available through mobile applications. As a result, there has been a little increase in the overall cost of delivering products through online food delivery applications.
5. The study shows that the adoption of this online meal delivery system boosted the amount of orders they received, which consequently increased revenues.
6. According to the report, the majority of restaurants have a monthly revenue of at least \$100,000. The annual turnover of these restaurants has increased as a result of their use of online platforms, as these delivery services have increased their customer base, which has in turn increased their sales.
7. According to the study, the majority of restaurants pay commission at a high rate, the affordability of this commission depends on the volume of business generated by these establishments. Zomato charges 7.5%-12%, compared to 15%-20% for Swiggy.
8. The study found that eateries report a variation in profit margins as sales have increased. Given the advantages offered to eateries, it is very profitable to assume that fresh and more eateries would be pushed to partner with online food delivery services like Zomato and Swiggy.
9. The study emphasises that even though the Zomato app provides services at a low cost and it assists

restaurants in gaining more business by facilitating more orders, sales are still increased. Thus, Zomato is preferred by the majority of eateries as a low-cost service application.

10. The majority of restaurants use promotional strategies to boost sales through social media, television, etc., they claim that these strategies only come at an average cost.
11. The survey notes that the majority of restaurants have improved their corporate image by signing up for services like Zomato and Swiggy that offer online food delivery along with giving clients high-quality food.

Suggestions

The following recommendations were given based on the results of the study conducted among eateries in Trivandrum:

1. Service providers should make sure that online applications are updated on schedule. Due to the rapid growth of technology, it is essential that food delivery apps be updated frequently in order to improve and simplify service delivery.
2. Systems for communication between executives of delivery apps and restaurant owners should be strengthened. Proper and consistent communication between them can aid in the efficient delivery of services in a way that benefits both the executives and restaurant owners.
3. The delivery assistants must receive adequate training because their timely and efficient delivery of the customers' ordered meals has a significant impact on the smooth operation of such applications. Since it primarily defines the sustainability and utility of such online delivery applications, punctuality is a significant factor in this domain. Therefore, it is crucial to promptly designate delivery aids.
4. Keen attention must be given to the details of the order taken from the customers as error-free services are expected by customers through usage of such apps. Also proper food packaging must be ensured so as to maintain hygiene and cleanliness during provision of such online services.
5. The online delivery applications must be made user friendly towards the restaurant owners. The payment system must be made easier and flexible so as to make changes in time. A more improved tracking system too could make such apps more suitable to the owners as well as the customers.

Conclusion

The comfort of the customer is the main driver behind the creation of this online food delivery system, but the owners also wanted to create a platform for business growth by

allowing users to view the entire menu in one window, complete with dish names, images, descriptions, prices. Restaurants can boost their sales, profits, brand recognition by integrating a web-based food ordering system. These apps are viewed by restaurants as a means of reaching out to potential or target clients.. Conclusion: Although restaurants now offer online ordering for clients, this has little impact on their direct delivery services. Restaurants pay commission to these online apps to serve consumers online, incurring service costs that are offset by the resulting increase in sales and profit. As a result, the eateries simply see this online platform as a way to grow their business.

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