

Singapore Productivity Centre **Research and Business Insights**

# FOOD DELIVERY STUDY: **WHO ARE YOUR CUSTOMERS?**





## Changing Landscape

The coronavirus pandemic has expectedly created and revealed fissures in all aspects of our daily routine.

Globally, we can expect widespread economic and social impact in this new world defined by COVID-19. The landscape is changing rapidly, from the way we work to the way businesses operate, from sourcing and supply, to sanitation and staffing. As the situation continues to unfold and evolve, a new equilibrium will eventually emerge.

Businesses will have to adjust their strategies to fit changing consumer needs and behaviours. Yet, we are hopeful because even a pandemic can have its silver linings. Opportunities still abound as seen in the daily emergence of new business models embracing digitalisation and technology.

A prime example of a disruptor to the food delivery scene—third-party food delivery platforms that leverage on technology to bring coveted convenience to consumers in the comfort of their homes.

## Here to Stay: Delivery and Takeaway

During the months of the circuit breaker in Singapore, delivery and takeaway services have been the lifeline of many food operators and consumers alike. Many pivoted their business models overnight, onboarding various third-party delivery platforms and swiftly shifting gears through creative solutions to sustain their businesses. We now have a more robust, convenient and efficient online ordering process that has become a hygiene factor in the new food economy.

In the foreseeable future, safe distancing measures will continue to be an integral part of the functioning food operating system. As such, food operators will have to adapt and respond nimbly to optimise their food delivery operations for improved productivity in this crucial evolution of the food industry.



## Food Delivery Operations

Even as safety measures are progressively lifted, food delivery and takeaway services are projected to outlast the pandemic and are here to stay. Singapore Productivity Centre (SGPC) is committed to help F&B enterprises reset, rethink and rebound to thrive in this new normal.

SGPC provides expertise in tackling significant challenges of food operators such as menu engineering optimised for food delivery, data analytics on food delivery sales and costs, pricing strategies, job and process redesign, cost optimisation and digital marketing.

To be less reliant on foreign labour and to build a stronger Singapore core, there is a need to equip and upskill the local workforce, including the mature workers. To this end, SGPC provides process and job redesign services and relevant programmes to assist operators in training and upskilling their workers.

# Consumers Perception Towards Food Delivery in Singapore

Restaurant operators have to consider how consumers are using Delivery Service Providers (DSPs) and their responses to the structure of takeaway and delivery charges. This will help operators to optimise their operations.

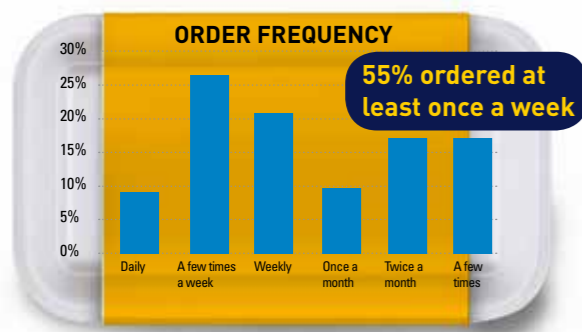
Singapore (NUS) Business School, an expert in revenue management, in Feb 2020 with 500 respondents who have ordered food delivery at least once in the past 6 months. The objective was to determine how consumers are using Delivery Service Providers (DSPs) so to help restaurants develop and refine their delivery strategies.

A survey was jointly conducted with Professor Sherri Kimes, visiting professor in National University of

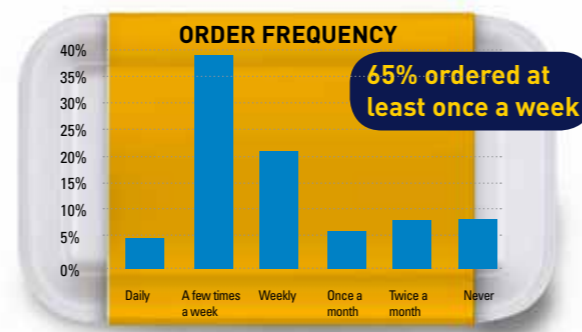
## CONSUMER BEHAVIOUR

### Order frequency

BEFORE CIRCUIT BREAKER (CB)



DURING CIRCUIT BREAKER

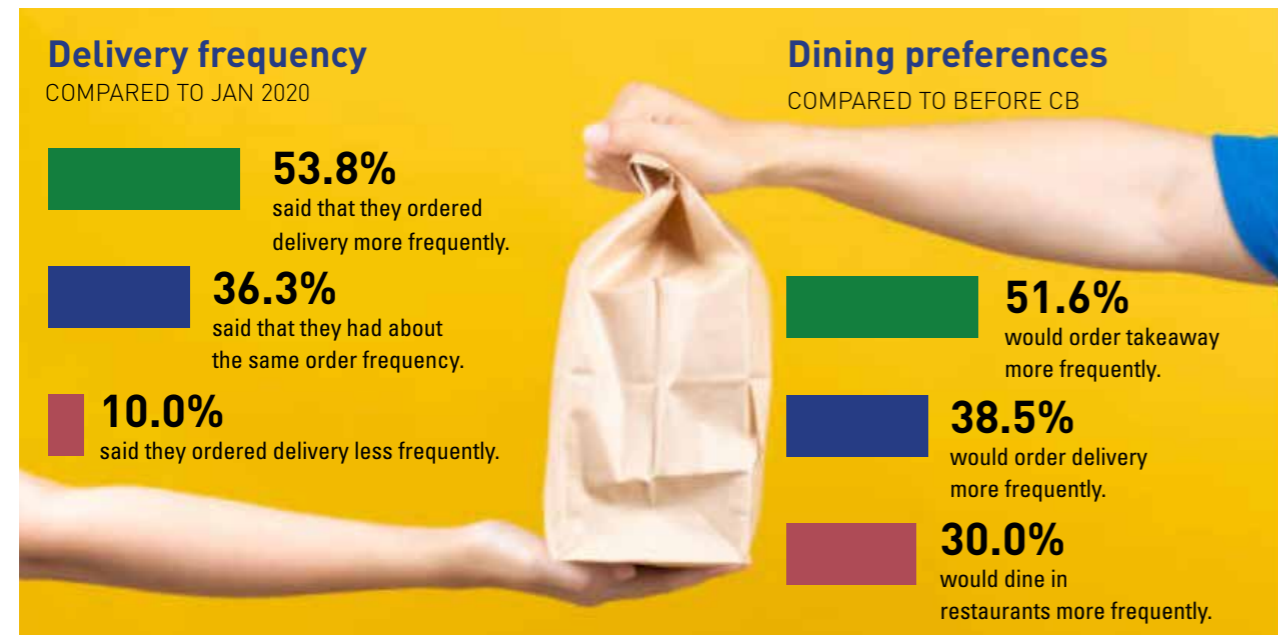


#### Consumer Survey 1:

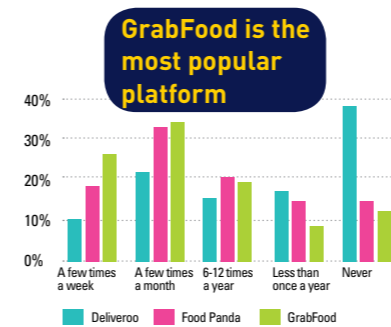
Survey conducted in Feb 2020 with: 500 respondents above age 18 who live in Singapore and have ordered delivery at least once in the past 6 months.

#### Consumer Survey 2:

Survey conducted in July 2020 with: 321 respondents above age 18 who live in Singapore and have ordered delivery at least once in the past 6 months



### Frequency by DSP

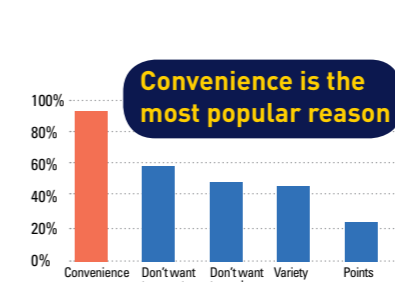


#### Consumers who ordered a few times a month:

More than 30% ordered from GrabFood and Foodpanda.

More than 20% ordered from Deliveroo.

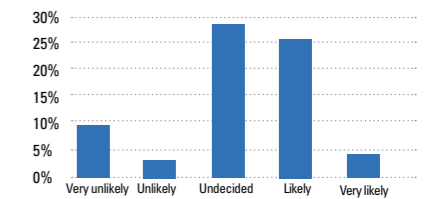
### Why people order?



#### More than 90% ordered for convenience.

### What do customers do when they get on the app?

Likelihood of ordering\* when the restaurant of choice is not listed.



When the original restaurant choice was not listed on the app, **only about 30% of customers were still likely to order** from the restaurant.

### Top 5 factors influencing food ordering:

- Accuracy
- Convenience
- Speed
- Ease of use
- On-time delivery

TIP FOR OPERATORS: **Ensure order is accurate!**



About **40%** have had a problem with their orders.

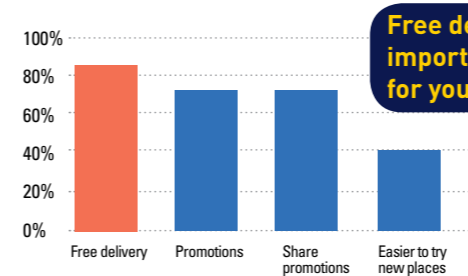
Of which, **57%** blamed the restaurants.

#### Biggest problems:

- Missing items
- Incorrect order
- Late delivery

TIP FOR OPERATORS: **Double-check the orders!**

### Subscriptions



#### Reasons for not subscribing:

- Infrequent delivery
- Monthly fee
- Don't know about such plans

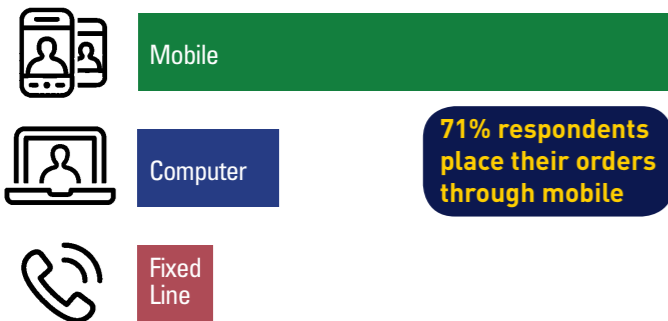
**23.3%** of those surveyed have a subscription plan. Free delivery is the most important factor, particularly for younger respondents.

# More Insights



## FOOD ORDERING: The Hows

### How do they order?



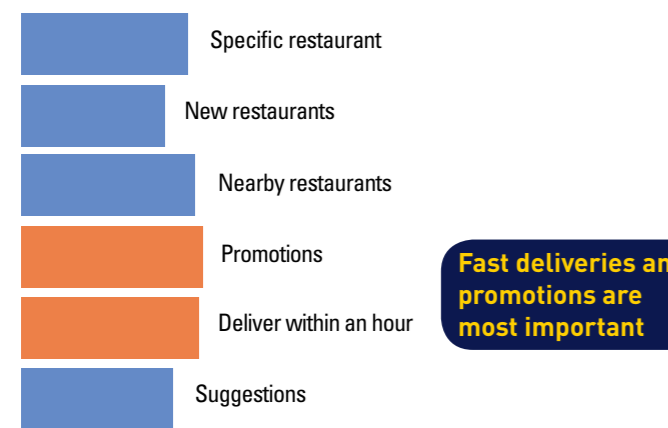
**71% respondents place their orders through mobile**

### Implications

- DSPs**
  - Focus on the user interface
- Restaurants**
  - Have a mobile-friendly menu



### Factors that influence their orders



**Fast deliveries and promotions are most important**

**AGE:** Younger respondents placed more emphasis on specific restaurants and suggestions.

**ORDER FREQUENCY:** Respondents who ordered more frequently placed more emphasis on new restaurants.

### Implications

- DSPs**
  - Focus on dispatching
  - Focus on vehicle tracking
- Restaurants**
  - Make it easy for DPS to pick up
  - Offer attractive promotions



## FOOD ORDERING: What Matters?

### Factors influencing consumers' choices



**Top reasons: accuracy, convenience, speed, ease of use, on-time delivery**

**GENDER:** More female respondents placed stronger emphasis on accuracy.

### Implications

- DSPs**
  - Focus on dispatching
  - Focus on vehicle tracking
  - Create a good user interface
  - Include wide range of eatery options
- Restaurants**
  - Ensure accurate fulfilment of order
  - Make it easy for DPS to pick up



**The findings in this publication are the results of a survey conducted together with Prof. Sheryl E. Kimes.**



Sheryl E. Kimes is an Emeritus Professor of Operations Management at the Cornell University School of Hotel Administration and a Visiting Professor of Analytics and Operations at the Business School at the National University of Singapore. Sherrri Kimes is a globally recognised leading expert in Revenue Management for the hospitality and service industries. She has been teaching, conducting research and providing consulting services in this area for over 25 years. She has published over 100 articles and book chapters and has received multiple awards for her research including the Lifetime Achievement Award by the College of Service Operations of the Production and Operations Management Society and the Industry Relevance Award by the Cornell University Center for Hospitality Research in 2010, 2012 and 2014.



## Conclusion

With a surging demand for food delivery, both new and renewed, operators can capitalise on these results to feed and fuel consumers more effectively.

Food operators can look forward to better returns and results by listing themselves prominently on DSPs and ensure orders are accurate for better customer ratings. Making strategic changes based on these insights can be a catalyst for both recovery and growth for operators in the current shifting food business landscape.

## How Singapore Productivity Centre (SGPC) can help

Companies can tap on our comprehensive range of solutions targeted at boosting productivity and building capabilities. Together with Enterprise Singapore, we offer various assistance schemes that cover areas such as service design, digital transformation, workflow redesign, job redesign, automation, central kitchen implementation and shared services.

Brought to you by



The Singapore Productivity Centre (SGPC) is a one-stop competency and resource centre supported by Enterprise Singapore (formerly SPRING Singapore) and is a wholly owned subsidiary of Singapore Productivity Association (SGPA).

With a focus on the retail, food services and hotel sectors, SGPC's vision is to be the go-to experts for enterprise excellence, playing leading roles to guide small and medium-sized enterprises (SMEs) in creating a roadmap for growth.

SGPC provides a comprehensive range of services and programmes including in-depth productivity consultancy, workshops, study missions, benchmarking for best practices and industry insights. Through its expertise and services, SGPC helps enterprises to be future-ready in and beyond Singapore by creating value through innovation, productivity improvement and capability building.

For more information visit [www.sgpc.sg](http://www.sgpc.sg)

Enterprise Singapore is the government agency championing enterprise development. Its vision for Singapore is a vibrant economy with globally competitive Singapore companies.

International Enterprise Singapore and SPRING came together on 1 April 2018 as a single agency to form Enterprise Singapore. Its mission is to grow stronger Singapore companies by building capabilities and accessing global opportunities, thereby creating good jobs for Singaporeans.

The agency works with committed companies to build capabilities, innovate and internationalise. It also supports the growth of Singapore as a hub for global trading and startups. As the national standards and accreditation body, Enterprise Singapore builds trust in Singapore's products and services through quality and standards.

For more information visit [www.enterprisesg.gov.sg](http://www.enterprisesg.gov.sg)



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