

IMPACT OF ONLINE FOOD DELIVERY SYSTEM ON HOTEL DINE-IN SERVICE

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ABSTRACT

Background: With the advent of technology, online food delivery systems have become increasingly popular in recent years. These systems have changed the way people order and consume food, and have had a significant impact on the restaurant and hotel industry.

Objectives: The objective of this study is to examine the impact of online food delivery systems on hotel dine-in services. The study will analyse the data to understand how online food delivery systems have affected the hotel dine-in services, including the changes in customer behaviour, revenue, and competition.

Methodology: The study will be conducted using secondary data sources such as industry reports, academic journals, and online articles.

Key Findings: Based on the review of literature it is found that online food delivery system affected hotel dine-in services both positively and negatively.

Implications/Significance: The study will also provide insights into the future trends of the industry and potential strategies for hotels to adapt to the changing market. The study will contribute to the existing literature on the impact of online food delivery systems on the hotel industry and provide valuable insights for hotels to enhance their dine-in services.

Key words: Online Food Delivery, Hotel, Dine-in Service and Food Delivery System.

1. INTRODUCTION

The rise of online food delivery systems has had a significant impact on the restaurant and hotel industry in recent years. With the increasing popularity of these systems, customers are now able to order food from the comfort of their own homes and have it delivered to their doorstep. This has led to a change in customer behaviour and has affected the way hotels and restaurants operate their dine-in services. According to a study by the National Restaurant Association (2018), online food delivery systems have grown by 15% annually in the past five years and are expected to continue to grow in the future. The study also found that 63% of customers use online food delivery systems at least once a month and that the majority of these customers are millennials and Gen-Zers. The growth of online food delivery systems has not only changed the way customers order and consume food but also has affected the revenue and competition in the hotel industry. Hotels are now facing increased competition from online delivery companies, and in order to remain competitive, they need to adapt to the changing market. The purpose of this study is to examine the impact of online food delivery systems on hotel dine-in services. The study will analyse the data to understand how online food delivery systems have affected the hotel dine-in services, including the changes in customer behaviour, revenue, and competition. The findings of this study will provide valuable insights for hotels to enhance their dine-in services in the face of increasing competition from online delivery companies.

2. LITERATURE REVIEW

The impact of online food delivery systems on hotel dine-in services in India has been a topic of interest in recent years. Several studies and articles have been published on this topic, with a focus on the effects of online food delivery systems on the restaurant and hospitality industry. One study found that online food delivery systems have had a positive impact on the restaurant industry in India by increasing the reach and visibility of restaurants to a wider customer base (Rao, 2018). However, the study also found that the increased competition from online food delivery systems has led to a decrease in dine-in customers for some restaurants. On the other hand, another study found that online food delivery systems have had a negative impact on hotel dine-in services in India, as the convenience of online food delivery has led to a decrease in the number of customers dining in hotels (Singh & Sharma, 2020). The study also found that online food delivery systems have led to increased competition for hotels and has forced them to adapt their business models to stay competitive. A research article by (Khan, 2019) states that online food delivery has also led to an increase in the demand for home-based food delivery services, which has further impacted the hotel dine-in services in India. A study by (Chaudhary and Singh, 2020) found that the impact of online food delivery systems on hotel dine-in services in India has been mixed, with some hotels reporting an increase in business due to the increased visibility provided by online food delivery systems, while others have reported a decrease in business due to the convenience of online food delivery.

According to a study by (Gupta, 2020), the use of technology in online food delivery systems, such as mobile apps and online ordering platforms, has made it easier for customers to order food and has led to an increase in the number of orders placed. The study also found that the use of technology has led to an increase in the efficiency and speed of food delivery, which has further enhanced the customer experience.

(Jain, 2019) suggests that the growth of online food delivery services in India has also been driven by the rise of the digital economy and the increase in internet penetration in the country. The study also states that the growth of online food delivery services in India is expected to continue in the future as more and more people become accustomed to using online platforms to order food. (Kaur, 2018) found that the increasing popularity of online food delivery services has also led to a shift in consumer behaviour, with more and more people opting to order food online rather than dine in at hotels. This has resulted in a decrease in foot traffic for hotels and has forced them to re-evaluate their dine-in services in order to remain competitive. On the other hand, (Rao, 2017) found that online food delivery services have also provided hotels with new opportunities to expand their customer base and increase revenue. The study found that hotels that have embraced online food delivery services have seen an increase in business, as they are now able to reach customers who may not have previously dined in at their hotels. In terms of the impact on employment, (Mishra, 2016) found that while the growth of online food delivery services has led to the creation of new jobs in the delivery sector, it has also led to a decrease in employment in the hotel dine-in sector.

(Sharma, 2019) found that the convenience and ease of use of online food delivery systems have led to an increase in the number of repeat customers for hotels that have embraced these services. The study also found that online food delivery systems have helped hotels to overcome the limitations of traditional dine-in services such as long waiting times and limited menus. (Jain, 2020) has found that online food delivery systems have also led to an increase in the number of orders placed during off-peak hours. This has resulted in an increase in revenue for hotels as they are now able to sell more food during times when they would normally have fewer customers.

Another important aspect is that the online food delivery systems have led to the increase in sales and revenue for hotels. (Rastogi, 2021) has found that hotels that have embraced online food delivery systems have seen a significant increase in their sales and revenue. This is because online food delivery systems have enabled hotels to reach a larger customer base and sell more food than they would be able to through traditional dine-in services.

(Kaur, 2018) has found that online food delivery systems have also led to a change in the way hotels operate and manage their kitchen operations. The study found that hotels have had to adapt to the increased demand for take-out and delivery, and have had to invest in new equipment and technology to fulfil these orders. Furthermore, (Gupta, 2020) has found that the rise of online food delivery systems has also led to an increase in competition among hotels. The study found that hotels that have not embraced online food delivery systems are at a disadvantage and are losing customers to those that have. This has led to a change in the way hotels market themselves and their services, with many hotels now emphasizing their online delivery options in their advertising and promotions.

Another important aspect is that online food delivery systems have also led to a change in the way hotels think about their menu offerings. (Kumar, 2022) has found that hotels have had to adapt their menu offerings to cater to the preferences of customers who prefer to have their food delivered.

This includes offering more take-out and delivery options, as well as more packaging options to ensure the food remains fresh and of high quality during transport.

This literature suggests that the impact of online food delivery systems on hotel dine-in services in India is multifaceted. It has led to changes in the way hotels operate, compete and market themselves, as well as changes in the way they think about their menu offerings. The literature also suggests that while online food delivery systems have provided new opportunities for hotels, they have also led to new challenges and increased competition.

The impact of online food delivery systems on hotel dine-in services is significant. With more people ordering food delivery, there is less demand for hotel dine-in services, which can lead to a decrease in revenue for hotels. Additionally, the ease and convenience of ordering food delivery can also make it more difficult for hotels to attract and retain customers.

However, some hotels have started to incorporate food delivery services into their offerings, either by partnering with delivery companies or by creating their own delivery service to stay competitive.

The growth of online food delivery systems has been driven by a combination of factors, including the rise of mobile technology, increasing consumer demand for convenience, the proliferation of food delivery apps, demographic changes, and changes in consumer behaviour. While the impact of these systems on hotel dine-in services has been significant, some hotels have started to incorporate food delivery services into their offerings to stay competitive.

3. OBJECTIVES OF THE STUDY

- ❖ To review the existing literature on the impact of online food delivery systems on hotel dine-in services.
- ❖ To identify the key factors that have contributed to the growth of online food delivery systems and their impact on hotel dine-in services.
- ❖ To analyse the changes in customer behaviour and revenue for hotels as a result of online food delivery systems.
- ❖ To investigate the level of competition faced by hotels from online food delivery companies and the strategies that hotels have implemented to adapt to this new competition.

4. SCOPE OF THE STUDY

The scope of this study is to examine the impact of online food delivery systems on hotel dine-in services in India. The study will focus on the secondary data analysis of industry reports, academic journals, and online articles that have been published on this topic specific to Indian context. The study will focus on hotels and their dine-in services and will not include other types of restaurants such as fast-food or casual dining. The study will focus on the impact of online food delivery systems on hotels in India and not on other countries or other regions. The study will be limited to the data available from the secondary data sources and will not include primary data collection methods such as surveys or interviews.

5. RESEARCH METHODOLOGY

This study is secondary data-based research, which means that the data required for the study is collected from existing sources. Relevant sources such as industry reports, academic journals, and online articles on the topic of the impact of online food delivery systems on hotel dine-in services in India will be identified and selected for the study. The collected data is analysed to identify key trends, patterns, and insights related to the impact of online food delivery systems on hotel dine-in services in India.

6. FACTORS CONTRIBUTED TO THE GROWTH OF ONLINE FOOD DELIVERY SYSTEMS

There are several key factors that have contributed to the growth of online food delivery systems, including:

- ❖ **Rise of mobile technology:** With the widespread adoption of smartphones and the availability of mobile internet, it has become easier for people to order food delivery through mobile apps. This has led to an increase in the number of people using food delivery services (Li, 2018).
- ❖ **Increasing consumer demand for convenience:** People are increasingly looking for convenience in their daily lives, and the ease and convenience of ordering food delivery through mobile apps has contributed to the growth of these services (Mordor Intelligence, 2019).
- ❖ **Proliferation of food delivery apps:** Food delivery have made it easy for consumers to order food from their favourite restaurants and have it delivered to their door. This has led to an increase in the number of people using food delivery services (Mordor Intelligence, 2019).
- ❖ **Demographic changes:** Online food delivery is particularly popular among younger people, as they are more likely to have smartphones, are more likely to live alone, and are more likely to be working full-time jobs (PwC, 2018).
- ❖ **Changes in consumer behavior:** People are increasingly willing to pay more for the convenience of having food delivered to their door, which has driven the growth of online food delivery systems (PwC, 2018).

The impact of online food delivery systems on hotel dine-in services has been significant. With more people ordering food delivery, there is less demand for hotel dine-in services, which can lead to a decrease in revenue for hotels. Additionally, the ease and convenience of ordering food delivery can also make it more difficult for hotels to attract and retain customers. However, some hotels have started to incorporate food delivery services into their offerings, either by partnering with delivery companies or by creating their own delivery service to stay competitive.

7. IMPACT OF ONLINE FOOD DELIVERY ON HOTEL DINE-IN SERVICES

The online food delivery system has had both positive and negative impacts on hotel dine-in services in India.

Positive impacts include:

- ❖ Increased convenience for customers, as they can order food from the comfort of their own home or workplace (Agarwal, 2017).
- ❖ Increased reach for hotels, as they can now target customers beyond their immediate vicinity (Rao, 2018).
- ❖ The ability to provide contactless ordering and delivery options, which is particularly beneficial during the COVID-19 pandemic (Rao, 2020).
- ❖ Increased flexibility for hotels, as they can now offer delivery or takeout options in addition to traditional dine-in service (Kaur & Singh, 2019).

- ❖ The ability to gather customer data and use it to improve menu offerings and marketing strategies (Kaur & Singh, 2019).
- ❖ Increased revenue potential, as hotels can now reach a larger customer base and sell more food overall (Kaur & Singh, 2019).

Negative impacts include:

- ❖ Reduced foot traffic in hotel dining rooms, as more customers opt for delivery or takeout (Agarwal, 2017).
- ❖ Increased competition for hotels, as more and more food delivery companies enter the market (Rao, 2018).
- ❖ Reduced social aspect of dining, as customers are no longer dining in the same physical space as others (Rao, 2020).
- ❖ Increased pressure to offer competitive prices and deals in order to attract customers (Kaur & Singh, 2019).
- ❖ The need to invest in technology and infrastructure to support online ordering and delivery (Kaur & Singh, 2019).
- ❖ The potential for food quality to suffer during delivery, which can lead to negative customer reviews and reduced repeat business (Kaur & Singh, 2019).

8. DISCUSSION

The discussion of the impact of online food delivery systems on hotel dine-in services in India highlights several key findings from the literature. It is important to note that while online food delivery systems have had a significant impact on hotel dine-in services in India, there are also limitations to these systems. Some of the limitations include challenges with logistics, such as ensuring timely delivery of food and maintaining its quality during transport, as well as issues with customer service and communication (Sharma, 2019). Additionally, there are concerns about the environmental impact of online food delivery systems, such as the use of single-use packaging materials and the carbon footprint of transportation (Jain, 2021). Another limitation is the potential for online food delivery systems to negatively impact the dine-in experience for hotel guests (Singh, 2021). With more customers opting for take-out and delivery, hotels may see a decline in dine-in customers and revenue. While online food delivery systems may offer convenience and a wider range of options, they do not provide the same ambiance and atmosphere as dining in a hotel. In addition, it is also important to consider the potential impact of online food delivery systems on the employment and livelihoods of hotel staff. With more customers opting for take-out and delivery, there may be a decline in the need for dine-in staff, such as servers and hosts. This could lead to job loss and financial insecurity for these individuals (Kumar, 2020). Furthermore, the increased competition from online food delivery companies may also lead to pressure on hotels to cut costs, potentially resulting in lower wages and benefits for staff (Patil, 2022). Further research is needed to fully understand the impact of online food delivery systems on the hotel industry and to explore potential solutions to these challenges.

9. CONCLUSION

The impact of online food delivery systems on hotel dine-in services in India is a complex issue with both positive and negative consequences. Online food delivery systems have greatly increased the convenience and options available to customers, but they have also led to increased competition and job loss for hotel staff, decline in the overall dining experience, limitations in accessibility and affordability, and environmental impact. It is important for hotel managers and policymakers to consider these factors when making decisions about the role of online food delivery systems in the hotel industry. The research shows that the hotel industry must adapt to the changing market trends and customer needs and find ways to integrate online food delivery systems in a sustainable way that benefits both the customers and the hotel industry.

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