A STRATEGIC APPROACH FOR MANAGING COVID-19 CRISIS: A FOOD DELIVERY INDUSTRY PERSPECTIVE

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ABSTRACT

Since the outbreak, coronavirus has spread relentlessly, affecting the entire world. The growing impact of this human tragedy on the global economy has profoundly affected the business world. The lack of demand compelled with government-imposed lockdowns presents a bleak future for the business. Recently the government of India has eased the lockdown for the operation of essential service, which includes food delivery. As the industry prepares to restart the operations, it is staring at multiple challenges both at the upstream and downstream level. The paper aims to understand how food delivery companies can develop strategies during the COVID-19 pandemic. The study discusses the strategic framework in food delivery context and mentions the available opportunity and challenges for the food delivery industry during the crisis. The research approaches the combination of literature with case examples. The paper adopts the Henry Mintzberg famously defined the 5Ps strategy framework and stakeholder perspective to suggest a way for the business executives. The study identifies the opportunity areas for the industry during the pandemic. The humanitarian and economic crisis provides organization to restructure relationships, reinforce trust among stakeholders and re-evaluate their goals. The study discusses the strategic framework in food delivery context and mentions the available opportunity for food delivery industry during the crisis. The article analyses the food delivery in the Indian context, which might have application in other emerging markets. The study is first attempt to examine the effect of COVID-19 in food delivery industry. Economic aspects subjugate the earlier research in crisis management literature. However, the current study suggests executives to understand how the pandemic affects business and stakeholders.

Keywords: Strategic Marketing, Food Delivery, Industry Perspective, Covid-19.

INTRODUCTION

On 11th March, the World Health Organisation (WHO) characterized the spread of COVID-19 as pandemic (WHO, 2020). Since the outbreak, coronavirus has spread relentlessly, affecting the entire world. The severe impact of coronavirus pandemic on health has created not only a vast humanitarian crisis but also a very challenging time for business executives. The significant challenges are demand collapse, new regulations, interruption in the supply chain, looming recession, shrinkage in employment and uncertainty (Pedersen & Ritter, 2020). Almost every sector is facing these critical issues. However, the challenges faced by food delivery industry are unique and multifaceted. Interruption in the vendors' supply chain due to panic buying and government-imposed lockdown resulted in closures of restaurants and cafes, leaving food delivery companies with the whole delivery system's burden. All issues have been complemented by fear of customer to trust the hygiene and precautions by food delivery business. Overall, during these uncertain times, the food delivery business is facing severe crisis and uncertainty.
Online food delivery business clocked a revenue of US$107.4 billion in 2019. In India, the revenue was US$10.2 billion, with a year-on-year growth of 31.9% for the financial year 2019-20 (E Services Report 2019 - Online Food Delivery). It was one of the most thriving industry until the current crisis affected the consumption pattern of society. The change in the consumption pattern and consequent impact on businesses during the crisis is a well-researched topic in the field. The extant literature discusses the business strategies during the previous crisis, such as Japanese stagflation (Shama, 1981), Asian economic Crisis (Ang et al., 2000) or Post-9/11 cataclysm (Graham, 2007). Every crisis has both psychological and economic effects on the customer, urging businesses to reinvent themselves. Delphix almost monopolizing the market during the 2009 great recession, Apple iPod massive surge in sale during DoT-Com bubble are few examples of success during the crisis due to change in business strategy (Slade, 2014). The current crisis, however, presents a unique scenario. The prime focus of business strategies during the previous emergencies were mostly related to cost-cutting, resource-saving tools, reduce social and financial risk for the customer and to offer fighter lines to consumers (Ang, 2001). In the current scenario, in addition, the focus of the businesses is towards reducing the trepidation among the customers. More so, in the food delivery business, where the product is directly consumed and have a shorter shelf life. The industry also suffers due to distrust on the delivery personal. The food delivery industry acts as a link between the consumer and the food vendor (restaurants and cafes). The industry must manage the crisis at food vendor level and use the goodwill to ensure the ongoing relationship between vendor and consumer. The lack of demand compelled with government-imposed lockdowns presents a bleak future for the business. The food delivery industry's impact is elevated by crisis in the agriculture sector (Aday & Aday, 2020). During pandemic the government of India (GoI) categorized production and marketing related to agriculture products as “essential services”. Despite their essential tag, closure of processing units and constrained movement of goods shut down mandis and markets.

The consumer reaction to business strategy swings between the two economic perspectives, the theory of leisure class and utility maximization theory. The former refers to the conspicuous consumption pattern to portray social class and affluence, whereas, the latter broaches to optimal utilization of resources to earn maximum satisfaction. The extant literature urges the executives to change the strategy towards maximum utilization appeals to crisis-hit consumers (Lamey et al., 2007). The current pandemic challenges the economic perspective mandate. Social stratifications might have slightly blurred in terms of product consumption; however, each consumer group's threshold is still intact. In the food delivery business, the food deliverer is responsible for setting the vendors' standards and ensuring trust level among customers. The challenge in the current context is unlike acceptance of variance in the quality, taste and packaging of the food, the expectation of hygiene standards in the same across customer group. The current scenario presents a test for the strength of the relationship between food vendor and delivery industry.

The current article analyses the crisis management strategies for the food delivery industry in India. The study has used the 5Ps plan, ploy, pattern, position, and perspective of the strategy defined by (Mintzberg, 1987). The five components allow a company to implement futuristic, long-term strategy involving different facets of the organization.

**Five Ps of Strategy For Managing Crisis**

Management theorist Mintzberg (1987) in his seminal work, urged that strategy as a concept is too novel to be bounded in a single definition. He has suggested an explicit
recognition for multiple interpretations of strategy and has analyzed the idea from five perspectives and considered some of their interrelations.

Plan During Crisis Management

Any strategy is an intended course of action, a guideline to deal with a situation (Mintzberg, 1987). In the normal course, it is a map to attain the envisioned position for the firm. The situation like current pandemic is unimaginable and cannot be planned for. The most prominent issue for processed food supply chain was linking upstream manufacturer with downstream restaurant owners (Aday & Aday, 2020). The pandemic has a negative impact on quality, freshness and safety, and hindrance to access and affordability (FAO, 2020). Moreover, the impact was also on the type of raw material the restaurant uses. The owners were forced to shift from chilled raw material to frozen food. The current crisis was unique as the restaurant owners were unwilling to shift to alternate source due to safety concerns (Brcgs, 2020). However, even in this crisis, the essential elements of the plan ‘what you need to do today to achieve your objectives tomorrow’ remains the same (Pedersen & Ritter 2020). The current crisis provides an opportunity for the company to create and implement extended due plans. The trust element of the customer lies with the delivery partner. The food delivery companies can now force a more engaging relationship with the vendor than a delivery partner. The focus on restaurant’s upstream supply chain link will enhance the relationship with the delivery partners. The new relationship can be used to standardize vendors in terms of hygiene quality, and packaging. The current improvement on the food vendor part will help food delivery companies have a more robust system tomorrow. The executives should take bold decisions with long term view.

Ploy during Crisis Management

The ploy is a specific plan to outmanoeuvre an opponent or competition (Mintzberg, 1987). Companies use market signals and competitive moves to pre-empt the response of the competition (Porter, 2008). Indian food delivery industry is still at the nascent stage. The companies are pursuing an aggressive strategy to acquire market share. One of the ways is to increase the listing of restaurants on their portal. Companies should strive to convince customers about their safety measures during the pandemic. The customer's trust will ensure heavy traffic on the app, which could be a bargaining factor for the company over food vendors. Technology played a very crucial role in building trust among customers during this crisis epoch. Zhao & Bacao (2020) have integrated prominent theories such as UTAUT, TTF and ECM to explain the role of technology in enhancing customer’s trust towards food delivery through apps in China. In Indian context companies have integrated multiple restaurants from offline to the online medium. The features like no contact delivery, health condition of delivery agent and description of protocols followed by the restaurants have enhanced the customer trust on the food delivery partner. Also, the technology has improved the kiosk ordering, which ensured less interaction between customer and staff. It is important to note that most food vendors in India associated with delivery partners are small to medium enterprise. Therefore, if a brand can provide them with the business, it will ensure a long-term bonding with the vendor. Also, due to the government's lockdown announcement, online delivery is the only solution available to them. The companies can use the ploy to turn a crisis in their favour.
Pattern From Crisis Management

Be it general or specific, a plan should reflect a pattern in a stream of actions (Mintzberg, 1987). As mentioned, ‘plan’ reflects the intended action either realized or not; it provides companies with a pattern that challenges their prejudice (Hart, 1995). The current scenario offers a significant testing ground for implementation of plans and idea. If succeeded, it will provide them with a competitive edge, if not, that could be a meaningful learning experience. The interaction between company and vendors could set the pattern for future bargaining method—a co-working framework for finding a solution. The customer is going through a behavioural change. The preference for outside food has diminished. If this behaviour sticks, the revival of the industry will be a long road. Therefore, the brand should be careful in assessing the pattern, which may help them in developing a new emergent strategy. As mentioned, the industry is still in the embryonic stage, a pattern to establish a relationship with vendors and customers would help the company in the long future.

Position In Crisis Management

The set actions towards a goal should act as a mediator between the company and the external environment (Mintzberg, 1987). The understanding of the organization’s position in the environment is necessary to make smart strategic decisions (Pedersen & Ritter 2020). In the whole ecosystem of food delivery, food delivery partners are the most affluent link. The current situation provides them with an opportunity to establish their position in the environment. The trust build with customer group will give them bargain over the food vendors; simultaneously, strength in a relationship with vendors will help them serve the customer better. The current decision will mark their plausible position post-pandemic. The established position will also ensure their status vis-à-vis competitors. Persson (2010) has used business relationship theory to explicate the importance of brand strength in the supplier-buyer relationship. Also, keeping in view with the spread of novel corona virus (COVID-19), the GoI has declared it as a notified disaster (circular no. 10/2020) and clarified spending for COVID-19 is eligible for CSR activities. Many Indian firms have stepped in to provide ICU beds, quarantine facility, PPEs kit, machine to manufacture PPEs, sanitizers, COVID testing kits, and even feeding stray animals. The companies can play the role of patriarch for the stakeholder, ensuring community health, paying ex-gratia to contract workers and taking care of employees. The vendor would like to associate with a brand with a stronger position. Therefore, if companies can sync with their externalities, it will help them rise above the clutter.

Perspective Through Crisis Management

The relation between inside and outside context is defined by the ingrained way of firm’s perception of the world (Mintzberg, 1987). The current crisis is a test of character for any firm. It may ensure a close bonding between the food delivery chain members or may create a sense of distrust. The crisis provides brands with an opportunity to define their organizational culture. Employees working in the food services sector have been one of the hardest-hit (Walter, 2020).

GoI’s Ministry of Food Processing Industry (MoFPI) has set up a grievance cell and appointed nodal officers to ensure a continuous supply of essentials and employee protection for hassle-free operations (Food Producers and Distributors, 2020). Understanding the employee’s importance the companies should not only strive for the listing of restaurants but also the welfare
of the delivery personals. The delivery personal plays a significant role in overall customer experience. A company can earn loyalty if they take proper care of delivery personal and provide them with assurance in these testing times. In the current boom of e-commerce in India, every company is looking for reliable delivery personals. The company can save their personals from leaving for direct competition and e-commerce giants like Amazon and Walmart owned Flipkart. They can create a strong delivery network with a loyal group of employees. The delivery network could also help brands in venturing the other arenas of e-commerce.

Challenges and Opportunities In Stakeholder Management

While discussing the strategies for industry, it is essential to discuss the impact on stakeholders. The three prominent stakeholders of the industry are vendors, customers and the employees. The study explores pandemic's effect on the relationship with the stakeholder, the challenges and opportunities for the industry.

Vendor Management

A successful strategy necessitates consideration of different stakeholder groups in planning and decision making (Hart, 1995). However, the collaboration of stakeholders in the food delivery business is onerous. The two primary reasons are vertical marketing system and contractual based nature of the relationship with vendors (White, 1998). The political marketing paradigm has been widely used to explain the external environment's impact on intradyadic behaviour (Stern & Reve, 1980). The paradigm recognizes that the relationship between the vendor and the food delivery company is more of a behavioural or social system than an economic system. Therefore, the organizations need to look beyond the transactional aspect of the relationship. The pandemic provides the opportunity to overhaul the structure. Achrol & Stern (1988) have stated that the environmental uncertainties provide the much-needed organizing concept. The companies should provide vendors with some security rather than being in purely contractual relation. Moreover, external uncertainties provide an opportunity for strengthening internal relationships. The macro-environment might not affect the form of relationship, but it certainly moderates the relationship's strength (Prescott, 1986).

Consumer Behaviour

He & Harris (2020) argued that the current pandemic had urged consumers to reflect on their consumption practices and its impact on general society and the environment. The responsible consumption and prosocial product/brand choices take the central theme for self and others’ evaluation (He & Harris, 2020). Though new aware consumer group will create a substantial segment, the pandemic will also give rise to consumer segment looking for instinct hedonic gratification (He & Harris 2020). Food consumption is a prominent source of instant gratification (Zhong & DeVoe, 2010). The industry needs to create a balance between the customers urge to consume and responsible marketing. Another challenge would be making consumers feel safe in their consumption.

The contagion nature of pandemic has hoisted it among priority. Further, vendors' inability to cope with the current issue has made online food a scarce product. The scarcity of the product leads to either increased value (Cialdini, 1993) or a decrease in purchase appropriation (Shah et al., 2015).
The industry which is in relatively at naïve stage is at risk of losing its relevance. The industry players need to understand the consumer's changing needs, which can help turn this crisis to an opportunity. The consumers are more likely to patronize online food deliverer that helped satisfy their needs during emergency and form an attachment (Pantano et al., 2020).

**Employee Uncertainty**

The adjustment to drastically altered work condition and policies such as remote work environment, limits to human contact and wearing PPE kits are salient HRM challenges stemmed from COVID-19 (Carnevale & Hatak, 2020). The changes may impact the established fit between the employee and the company (Kristof, 1996). Extending the P-E Theory, the saliency of the growing chasm with the environment that attracted an individual could lead to an impression of misfit (Follmer et al., 2018). The incongruence between employee and the company could reduce the potential productivity of the organization. Another issue is the conflict between work and family sphere. The work from the home policy adopted by organizations has resulted in an overlap of home and work sphere. The current situation reflects on the work-family conflict situation explained by Greenhaus & Beutell (1985) in their seminal work. The authors have defined work-family conflict as an inter-role conflict which arises due to mutual incompatibility. The work from home option has caused breached in the space of individual roles.

Along with organizational and personal difficulties, the psychological stress of pandemic is concerning. Many start-ups use measures like the autonomy to provide flexibility and social support to reduce socio-psychological stress (Carnevale & Hatak 2020). Apart from the above issues and measure, the most critical aspect is the fear of job loss. The current pandemic provides companies with an opportunity to collar the identity of a stable employer. It will be a very significant element to achieve for the company in an upcoming industry.

**DISCUSSION**

Businesses have used innovation, marketing, and credit availability for a customer to boost consumption and brand preference (Kotler, 2020). The company should strive for the strategy to ensure the customer gets the higher satisfaction from their economic decision rather than going for a low-cost low-profit approach. In the current humanitarian crisis, the food delivery industry measure for satisfaction has elevated. The industry must ensure trinity of standards across vendor, ensuring the well-being of delivery professionals and infusing trust among customers.
The study adopts the Mintzberg’s 5Ps to explain and suggests strategy formation processes for the food delivery business. The current crisis could provide a big learning curve for businesses. Most companies have the untested plans for disaster management, either copybook method or through their own or other firms' experience. The crisis provides an opportunity to assess the organization preparedness to tackle the disaster. Unusually for a new business, the time is to test new plans, create new ploys to outwit the competition, analyze the emerging patterns from un/realized plans, make sense of the external environment and define their culture. Figure 1 provides a scheme of business strategy during the crisis.

The 5P framework used in the study provides a holistic conceptual understanding of the issues faced by food delivery. The framework discusses the strategic impetus needed to manage supply chain disruption, both upstream and downstream, and stakeholder management. Moreover, the role of technology in the current crisis epoch in managing the food delivery industry issues has been discussed in the paper.

Like any other work, the paper has few limitations. The first limitation is that the work is conceptual in nature. Second, the work prominently considers the relationship between food delivery partners and restaurants. Third, the conceptual work analyze the situation only from the food delivery partner perspective.

CONCLUSION

Eating out or the take-out food is still a leisure for an emerging economy like India. At the same time, during the current government announced lockdown, the availability of groceries is not very dependable. Also, dependability on a house help is a common practice among middle and upper classes in India. Due to restricted mobility, they are unable to come for work. The stated situation has pushed the take-out food from the leisure to utility product.

If the companies can provide customer group with higher satisfaction from their new economic decision, the current situation can present a whole new customer group to the food delivery companies. The increase in the volume of customers will attract vendors and listings.
As per the resource-based view, the difference in resources and capabilities provide competitive heterogeneity to the firm (Helfat & Peteraf, 2003). The food delivery industry could strengthen their relationship with both vendors and delivery personals. The relationships forged by industry will provide them control over tough to imitate and durable resource. The competitive advantage will help brands cement their position in the industry. Moreover, taking care of their vendors, and the delivery person is also a reflection of their organizational culture. The favourable perspective towards an organization will also attract future vendor towards the brand, given the importance of the multiple stakeholders.

Due to the early stages, the ecosystem of food delivery industry in India not clearly defined. The current crisis provides firms an opportunity to understand their ecosystem, their role, and position in the ecosystem. The firms’s significant challenges are to set the preference and set initiatives to future-proof the organization (Pedersen & Ritter 2020). Proper planning and prioritization are essential. The overuse of critical resources may affect the chances of recovery in case of limited realization of plans. An empirical work analyzing the implementation of 5P strategy can be very insightful. The empirical evidence can provide an understanding of the related significance of each P.

The industry needs to be proactive in their stakeholder management. Stakeholder management has both long-term as well as immediate impact. The listing of restaurants is one of the major sources of competitive advantage in the industry. The companies need to flock their existing vendors and need to earn their confidence. The relationship with vendors will ensure the jump start of business. Subsequently, the industry needs to make consumers believe that they care. The executives need to revisit the approach of outwitting the competition in satisfaction of needs and wants of the consumer. The needs and wants of the consumers have shifted in the pandemic. If the industry doesn’t catch up with consumers' new expectation and address their inhibition, the industry may become redundant. Finally, the support to employees during this pandemic reduces the clutter to enhance performance and ensure loyalty. The future study could analyze the pandemic from the different stakeholders to design a holistic strategy. Especially, the two prominent stakeholder vendors (restaurants) and customers. The inclusion of upstream and downstream players would enrich the 5P framework for the food delivery industry.

The pandemic has affected the whole world with no near sight of recovery. It has thrown a spanner in the work of whole business machinery and requires all the stakeholders to develop resilience (Echeverri & Salomonson, 2019) to handle pregnable circumstances (Batat & Tanner, 2019). The pandemic demands the reinvention to achieve the individual and collective well-being (Batat & Tanner, 2019). The companies should work together with a partner to endure the crisis. We hope that the current situation will only make the community stronger.

REFERENCES


