



# Rise of Online Food Businesses: Probing Its Profitability and Longevity as a Business Entity

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## Abstract

Since the rise of technology, social media accessibility, promotion and marketing, traditional mode of selling and marketing transformed to online transactions especially in ready to eat food business. Since the rise of online marketing, the researcher thought that it would be helpful to provide an evidence in the profitability and longevity of the online food business. Thus, this study used quantitative-comparative design which aimed to systematically investigate and determine the rise of online food businesses between the profitability and longevity factors. Data gathered shows that in terms of profitability of online business as perceived by business owners, they said that online food business is easier to reach consumers by posting products online. On the other hand, in terms of longevity factors leading to the continuous growth of online business as perceived by the consumers, data show that it is easy to order online and most of the consumers used cash-on-delivery as payment option. It also shows that there is no significant difference in the profitability of online food business when the online business owners were grouped according to profile and there is no significant difference in the longevity factors of online food business when the consumers were grouped according to profile.

**Keywords:** *business management, online food business, longevity, profitability*

## Article History:

*Received:* November 15, 2023

*Accepted:* December 28, 2023

*Revised:* December 26, 2023

*Published online:* December 30, 2023

## Suggested Citation:

Vizconde, L. (2023). Rise of online food businesses: Probing its profitability and longevity as a business entity. *The Research Probe*, 3(2), 85-90. <https://doi.org/10.53378/trp.12232>

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## **Introduction**

Online food business is a business that caters the orders of customers through online from restaurant, fast food chain or even small food businesses. The restaurant will prepare his/her order and also have a carrier or rider to deliver the order all the way to their given address. Online food business is usually done in the form of ready to eat foods. For instance, some business owners and employees who lost their jobs because of the pandemic ventured into online food business that offers food to people through online and deliver it right next to their door step.

The rise of technology gives opportunity to everyone to a start online business. Today, it becomes more popular due to the pandemic because many people lost their jobs and find alternative means of living through starting an online business. On the other hand, social media is the key why online food business is profitable especially this time of pandemic where most people are avoiding public places. Promoting business in social media can attract many people because many of them are spending hours on their social media. According to Lu (2017) in recent years, social media has gone from a new idea to an absolute must for marketers. Of all the new media marketing platforms, social has most thoroughly turned traditional marketing on its head. With older outbound marketing strategies, messages are sent to potential customers, and communication is one way. On social media, customers and businesses can directly interact. Both parties can ask each other questions, repost each other's content and work on forming relationships.

This study determines the experience of people who lost their job and chose to start their own online food business, the profitability of the business, and the longevity factors of the online food business.

## **Methodology**

This study used quantitative approach. Quantitative methods emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques (Babbie, 2010). The descriptive design was used in the study. The descriptive research involves gathering data that describe events and serves to

organize the finding in order to fit them with explanation, tabulates depicts and describe the data collection.

The participants of this research were composed of people residing within Mandaluyong City in the Philippines chosen by random sampling and statistical manipulation of data. The participants answered the questionnaire online by using Google form survey.

The survey is a Likert-type of questionnaire. The business owners and consumers have different sets of questions. Questionnaire for business owners include, demographic profile, factors led to the growth of online food businesses and profitability of the online food businesses. On the other hand, questionnaire for consumers include demographic profile, factors led to the growth of online food businesses and longevity factors that led to the continuous operation of online food businesses as consumers.

After collecting the data needed from the respondents, the data were treated with statistical techniques such as weighted mean, t-test and analysis of variance (ANOVA).

## **Findings and Discussions**

In terms of factors leading to the growth of online business as perceived by business owners, 7 out of the 8 factors were agreed upon by the respondents, which include “the widespread use of technology” with the highest weighted mean of 3.85 (Agree), followed by “the emergence of the pandemic created various types of online food businesses” with weighted mean of 3.73 (Agree). According to Harbour (2020) as more people turn to the Internet, businesses increase their chances for success by building an online presence through e-marketing, or marketing online. Marketing in the digital world is crucial for entrepreneurs, and small-business owners can significantly impact business growth.

In terms of factors leading to the growth of online business as perceived by consumers, 7 out of the 8 factors were agreed upon by the respondents, with an average weighted mean of 3.62. It includes “the emergence of the pandemic created various types of online food businesses” with the weighted mean of 3.80 (Agree), followed by “the economical way of doing business” with weighed mean of 3.71 (Agree).

The profitability of online food business as perceived by business owners showed that 3 out of the 4 factors were given strongly agree (4.31) by the respondents including “easy

reach/access of consumers” with the highest weighted mean of 4.40. It can be assumed that the highest factor leading to the profitability of the online food business as perceived by business owners is proven because they can easily find consumers through online by posting products in their social media accounts. It will no longer be difficult for consumers to order, to view the menu, and to pay their orders

The longevity factors leading to the continuous growth of online business as perceived by the consumers include “cash on delivery payments system” with the highest weighted mean of 4.34 (Strongly Agree). It can be assumed that the longevity factors leading to the continuous growth of online business as perceived by the consumers is proven because most of the people who are ordering online regardless of food or not, choose the Cash on Delivery (COD) payment system primarily for their convenience.

The results of the comparison of the profitability factors as perceived by the online business owners when grouped according to their profile showed that using ANOVA analysis, p-values is greater than .05. This means that the perceived profitability of the business owners is the same, regardless of type of business, years in the online business and coverage of consumer, because at the end of the day all of them are business people that have the same perception, and that is, to gain profit.

The comparison of the longevity factors perceived by the consumers, and the ANOVA tests likewise show that p-value is greater than .05. This means that the perceived longevity factors are the same, regardless of occupation of the consumers, and type of food they frequently transact online.

## **Conclusion**

This study found that the factor leading to the growth of online business food as perceived by the business owners and consumers is the widespread use of technology. It is because most respondents said that regardless of food or not, they are using technology for business purposes and primarily for their convenience. The profitability of online food businesses is determined by easy reach/access of consumers while the longevity factors leading to the continuous growth of online business is cash on delivery payment system. However, there is no significant difference in the profitability of online food businesses when the online business owners are grouped according to their profile; and there is no significant

difference in the longevity factors of online food businesses when the consumers are grouped according to their profile.

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