Prospect Forecast and Rectification Strategy of American Takeout Industry

Xiangyu Kong*

Saint Anthony's High school South Huntington, New York, United States

*Corresponding author: 15030240136@xs.hnit.edu.cn

Abstract. The global pandemic has a serious impact on economic and social development of all countries. The production and demand of many industries have greatly shrunk. However, the takeout industry in the United States is an exception. Under the influence of COVID-19, the supply and demand of American takeout industry have increased significantly compared with that before the pandemic. The market has become increasingly hot. Once the current market environment changes, it is uncertain whether the American takeout industry can continue to be popular. Due to this reality, the research explores the market trend of American takeout industry in recent years, and forecasts the future takeout market. The study also analyzes whether the American takeout market should follow the Chinese market's approach. The research reveals that there are several disadvantages in the American takeout market in terms of labor cost and the price of buyers. To address these issues, the study develops new sale method through several ways, for example, reducing the buyer's cost of delivery fee, making the delivery fee paid by the seller as well as by the platform. Moreover, the platform can send vouchers to the buyers together with seller.

Keywords: Takeout market; prospect forecast; labor cast.

1. Introduction

The takeout industry in the United States developed very early, and many businessmen have chosen the right way to integrate into this industry at the right time. The takeout sector in the United States started to grow since the telephone was created in the middle of the 20th century, making it effectively the fastest and most practical way to order takeout in the contemporary environment. In recent years, after the popularity of smart phones, a new way of taking out "App takeout" has emerged. This approach can not only give users a more intuitive way to view, but also more efficient distribution. The American market is still as efficient as ever.

However, it is known for us that takeout industry in the United States is very sluggish. Several companies have filled most of the market (DoorDash, Uber Eats, Postmates, etc.). The government has strict supervision over the takeout market. The delivery efficiency of takeout is extremely low, and the labor cost is extremely high. In the past, few people in the United States choose to eat out or cook their own meals. In recent years, due to the impact of the pandemic, the American takeout industry shows a sustained growth trend. Whether the American takeout industry can maintain this positive developmental trend in the future is still uncertain. How to reduce labor costs and speed up distribution efficiency will be a major difficulty for the American takeout industry.

2. Literature Review

The takeout business is growing in popularity as a result of the COVID-19. Online takeout sales in China will provide 21.4% of the catering sector's overall revenue in 2021. China's national information platform reveals that there are 14.4 billion takeout transactions with a transaction value of 702.1 billion yuan (100 billion USD). The takeout sector has steadily descended to the third and fourth tier cities in addition to the first-tier cities like Beijing and Shanghai. The takeout market in the United States also has a good income of 10 billion dollars, but compared with China's turnover, the United States is only 1/10 of China's turnover. Under the current environment, not only young groups will order takeout, but also middle-aged and elderly groups are gradually adapting to this lifestyle, so it vital important for the United States to make changes to promote the future takeout market.

Eating is everyone's rigid demand, so it is everyone's demand to eat more delicious food more quickly and with more value for money. The average price of each order in China's takeout market is only 48 yuan, which is less than 7 dollars. However, the transportation cost of each order in the United States may reach this price, even if affected by the epidemic. The delivery time of Chinese takeout is only about 40 minutes, but the average delivery time in the United States is about 1 hour [1]. Obviously, compared with the Chinese takeout industry, the American takeout industry hardly meets the three requirements of efficiency, convenience and affordable prices [2]. Therefore, the American takeout industry needs some changes to expand the market and complete the micro transformation. Due to the influence of COVID-19, many people dare not eat out, so many people choose to work at home and choose the delivery platform, which means that this pandemic has some positive effect on the delivery market, but this is another effect brought by the decline of offline restaurant business [3].

According to current researches, a takeout platform's logistics and food values will vary depending on its pricing, and there is an antagonistic link between these two variables and the commission rate. Some studies described a model in which the restaurant and the platform mutually decide on the online "food and logistics" prices. The eatery will raise the price of meals ordered online when the commission rate rises [4]. By examining what factors affect buyers' consumption willingness, some studies comprehensively explored the sellers' attitude, takeout prices, consumers' psychological tendency [5, 6]. Based on these research results, it can be found that visibility, attitude, and consumption value play a crucial role in encouraging customers to buy from the takeout platform, and food safety and health are also increasingly becoming an important consideration [7]. Consumers' preexisting awareness of related actions is expanded according to the researches [8].

This paper focuses on the past and present of the American takeout market, as well as the prediction of the future development trend of the American takeout market. The study tries to analyze the main problems and shortcomings of the American takeout industry, such as efficiency, price, cost, and so on. Based on these analyses, the study compares it with the Chinese takeout industry and gives targeted suggestions for improvement. It is vital important for American takeout industry to figure out that why it should follow the Chinese takeout market, and how to follow the Chinese takeout market. At the same time, the paper also looks forward to the future development prospects of the American takeout industry.

3. Analytical Framework and Discussion

Based on the current development trend and market profitability, the American takeout market has entered a new bottleneck period. The growth rate of users has slowed down, the market profitability trend has slowed down, and many other factors. The American takeout market needs a new breakthrough.

3.1 Labor Cost and Income of American Takeout Market

The restaurant industry places a high priority on labor expenses. According to Figure 1 and Figure 2, more than 20% of the delivery charge, 12.5% of the basic commission, and no more than 17.5% of the marketing fee make up the bulk of American riders' revenue. The three goods have a combined commission charge of roughly 30%. In China, the delivery commission only makes about 15% to 20%. For instance, American riders on Grubhub do not get paid in pieces for delivering food. Their hourly wage is $7.5. The amount of work is around 66 hours per week, or 9.42 hours per day, which is much less than the minimum wage requirement [9].

As a result, the takeout industry and delivery industry in the United States cannot provide enough full-time positions for job seekers. However, the American Labor Association must support the implementation of the minimum wage level in the United States, even if it is a part-time work.

Therefore, the American takeout platform may only charge customers for distribution costs in order to comply with minimum wage standards. The takeout platform charges for customer orders often consist of catering fees, service fees, gratuities, and taxes. In order to lower the salary cost, the platform owner might impose this portion of the cost on customers by way of a tip. Because of the tipping system, American takeout employees might receive an extra incentive for their efforts in the form of a tip equal to 15% of the cost of each order [10].

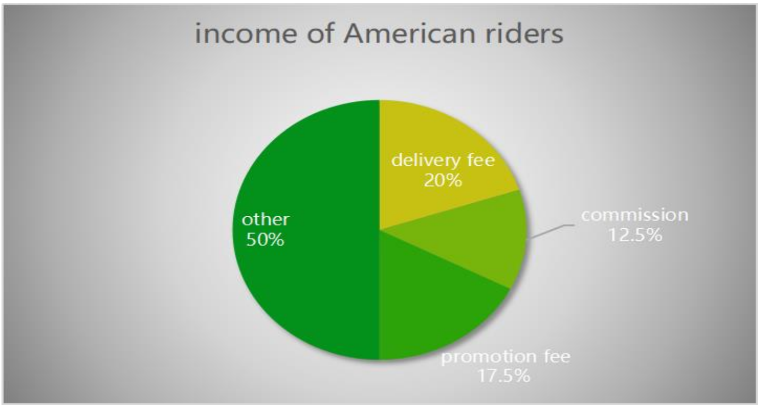

Fig. 1 Two or more references

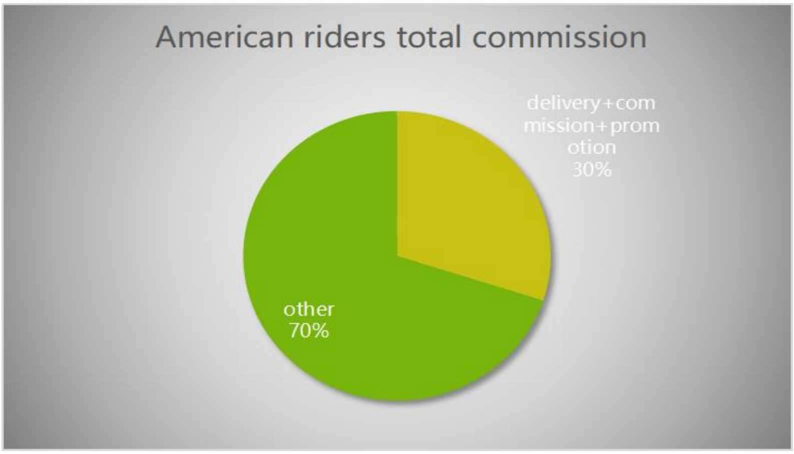

Fig. 2 Two or more reference

3.2 Investment Status in American Takeout Industry

Adequate investment is essential for an industry to achieve stable and sustainable development. Obviously, the takeout industry is no exception. From the perspective of industry investment, compared with China, the American takeout industry is very poor. This is because there are great differences in the operation modes of the two takeout industries. Continuous and sufficient capital investment is conducive to maintaining a virtuous circle in the takeout industry. In particular, venture capital tends to support the independent and stable development of catering enterprises and takeout platforms from a long-term perspective. American takeout platforms need to closely cooperate with the catering companies and support each other financially. To some extent, it is wise to learn from the model of Chinese takeout industry. Moreover, venture capital in the American takeout industry still has a large growth space. The venture capital industry has the opportunity to enter the market and the government should guide more venture capital into the takeout industry.

3.3 Preliminary Solution for American Takeout Industry

The takeout industry in the United States needs a new model to restructure the market and some representative platform companies should redesign the industry norms. The platforms can partially follow the Chinese takeout industry, as the Chinese takeout market continues to heat up in recent years. The American takeout industry can follow the example of reducing the catering price (reducing the profit space of merchants), and reducing the revenue per order of the platform, so as to attract more consumers. In terms of the platform, each merchant and user pay 1/3 of the salary to the vendor, so that the user can reduce the freight burden and optimize the system. In this case, each vendor will have multiple delivery orders in the designated area at the same time. This not only increases the income of the vendor, but also reduces the cost of the user. Naturally, the platform will attract more and more users. Meanwhile, the platform can also cooperate with enterprises to provide vouchers for users to occupy more market share.

4. Conclusion and Future outlook

This paper analyzes the cost, profit, price and frequency of use of the American takeout market, and the study holds that the American takeout market need to be changed to some extent in the next five or ten years. It can refer to the model Chinese takeout market according to the actual needs of various platforms and catering companies. The Chinese takeout market is in its initial stage, which is also a relatively mature takeout market in China. Due to the effect of pandemic on catering industry in recent year, the takeout industry in the United States achieved rapid development and a good industry income. However, once the social status was restored, the income of the American takeout market would be greatly reduced. From the perspective of the current environment applicable to the American takeout market, the American takeout market needs a new leading platform to make a major change. The reasons why there is great investment potential for the American takeout market are as follows. Under the current social environment, the American takeout market will attract more and more users. It is a rare opportunity for the takeout platform to seize resources and consumers. In addition, American takeout market has a large development space and a lot of market space, therefore, all kinds of investments, including venture capital, will get extensive returns in this market.

References

[1] Niu Baozhuang, Li Qiyang, Mu Zihao, et al. Platform logistics or self-logistics? Restaurants cooperation with online food-delivery platform considering profitability and sustainability. International Journal of Production Economics, 2021, 234: 1-13.

[2] Hong Chanmi, Hayeon C, Eun-Kyong C, et al. Factors affecting customer intention to use online food delivery services before and during the COVID-19 pandemic. Journal of Hospitality and Tourism Management, 2021, 48: 509-518.

[3] Anushree T, Puneet K, Yogesh B, et al. Why do people purchase from food delivery apps? A consumer value perspective. Journal of Retailing and Consumer Services, 2021, 63: 1-15.

[4] Ali F, Harris KJ, Ryu K. Consumers' return intentions towards a restaurant with foodborne illness outbreaks: Differences across restaurant type and consumers' dining frequency. Food Control, 2019, 98: 424-430.

[5] Mun SG. The effects of ambient temperature changes on foodborne illness outbreaks associated with the restaurant industry. International Journal of Hospitality Management. 2020, 85: 1-12.

[6] Cho M, Bonn MA, Li Jun. Differences in perceptions about food delivery apps between single-person and multi-person households. International Journal of Hospitality Management, 2019, 77: 108-116.

[7] Segura MA, Correa JC. Data of collaborative consumption in online food delivery services. Data in brief, 2019, 25: 1-3.

[8] Sanlier N. The knowledge and practice of food safety by young and adult consumers. Food Control, 2009, 6: 538-542.

[9] Hernandez B, Jimenez J, Martin MJ. Age, gender and income: Do they really moderate online shopping behavior? Online Information Review, 2011, 17(6): 1-24.

[10] Tran VD. Using mobile food delivery applications during the COVID-19 pandemic: Applying the theory of planned behavior to examine continuance behavior. Sustainability, 2021, 13(21): 1-20.