

**THE ULTIMATE GUIDE TO
BUILD ON-DEMAND FOOD
DELIVERY SERVICE**



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INTRODUCTION

The on-demand food delivery industry is on a growth path. Leverage this rate of growth & build your platform and become a part of the multi-billion industry. Click, and your cab is arriving! Click, and your food is arriving! Click, and you have a doctor's appointment at home! The "Click and Book" culture has taken the world by storm in recent years. Not that the click and book culture was not present in the past, but it has grabbed more traction today. We all had our firsts with Online bill payments and booking tickets Online.

Today, it has transitioned into every aspect of our lives, including food, ride, medicine, clothes, etc., which has driven the on-demand industry to new heights. As a fast-growing economic model, the on-demand industry is expected to cross a user base of **1.6 billion by 2021** annually.

In this e-book, we will talk about building an operational service in the food sector. In the US alone, the food segment is set to cross the **\$200 billion mark by 2025**.



Building an on-demand food delivery service has its challenges. First, you will have to face a fiercely competitive fast-paced industry. Secondly, you need to integrate some futuristic features into your business to get attention. Most importantly, you need to initially invest a lot of money to build a three-tier food delivery service.

Well, here's how it shall go down if you want to build an on-demand food delivery service.

Understand the Industry And Your Competitors



There are two ways to understand the industry:

- Identify the trends, key watershed moments, and what lies ahead.
- Identify your competition, know how they are working, and what they are doing to get more customers.

Understanding the Industry:

The on-demand food industry is led by the economics of convenience. People will order food online because it is convenient. They can sit and relax at home while the food is delivered at their doorstep.

Along with convenience, they are getting variety, access to their favourite dishes, lower rates, free goodies, and much more. Due to this, new ventures are popping up every now and then to fulfil the increasing demand, thus leading to greater market penetration

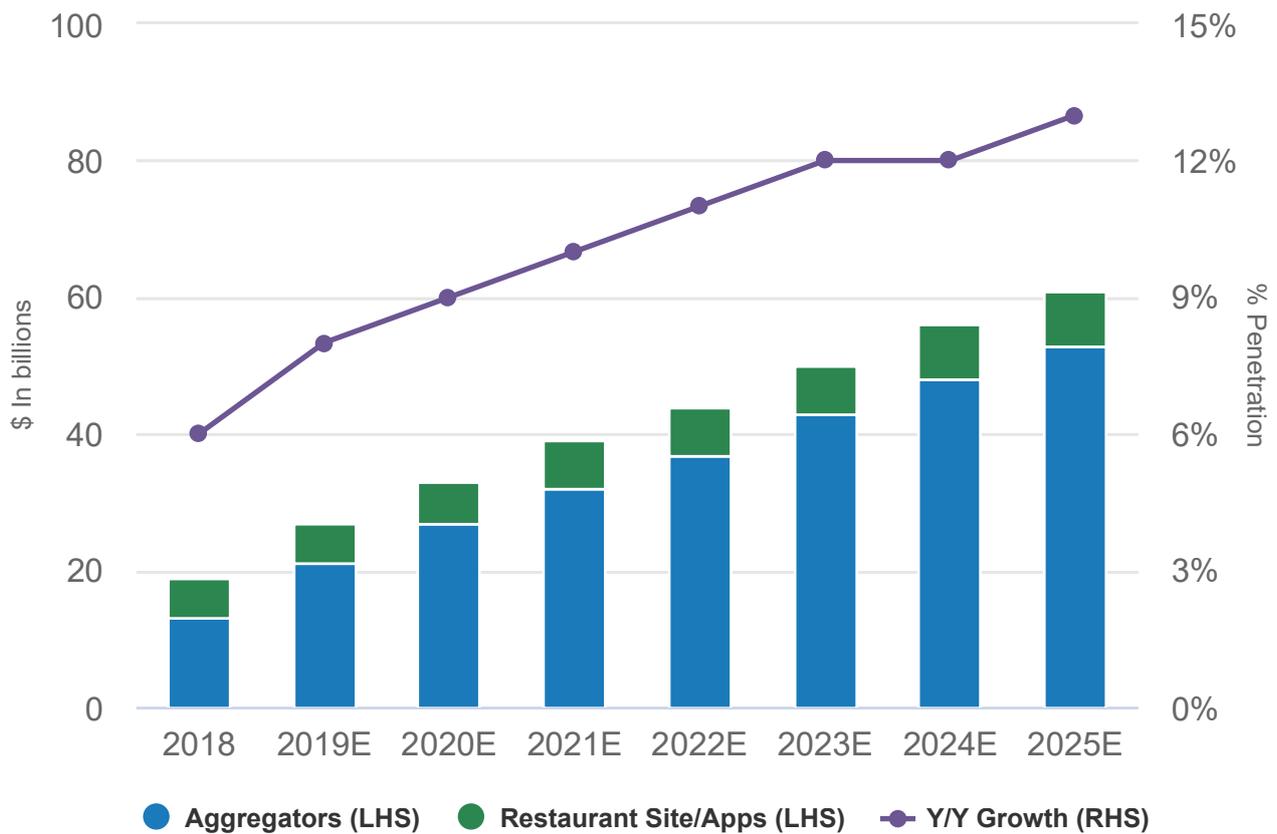
Here are a few things you need to understand about the on-demand food delivery industry.

- Between 2019 and 2025, on-demand food delivery services are expected to rise by a **CAGR of 15.4%**.
- **59% of the market growth** will originate from the APAC (Asia-Pacific) region.
- The entire industry is highly fragmented, with multi-billion dollar houses investing and funding the world's most popular food delivery services.
- **31% of the customers** in the US use a third-party food delivery service once a week.
- When comparing the online ordering and delivery and dine-in growth rate, the former has **grown 300% faster than the latter**.

The restaurants and diners currently not on the online food delivery radar will have to migrate to digital eventually. One of the reasons is that in the six months, **65% of the respondent** consumers have ordered food online. And food ordering via phone call will reduce to a meagre **3% by 2025**.



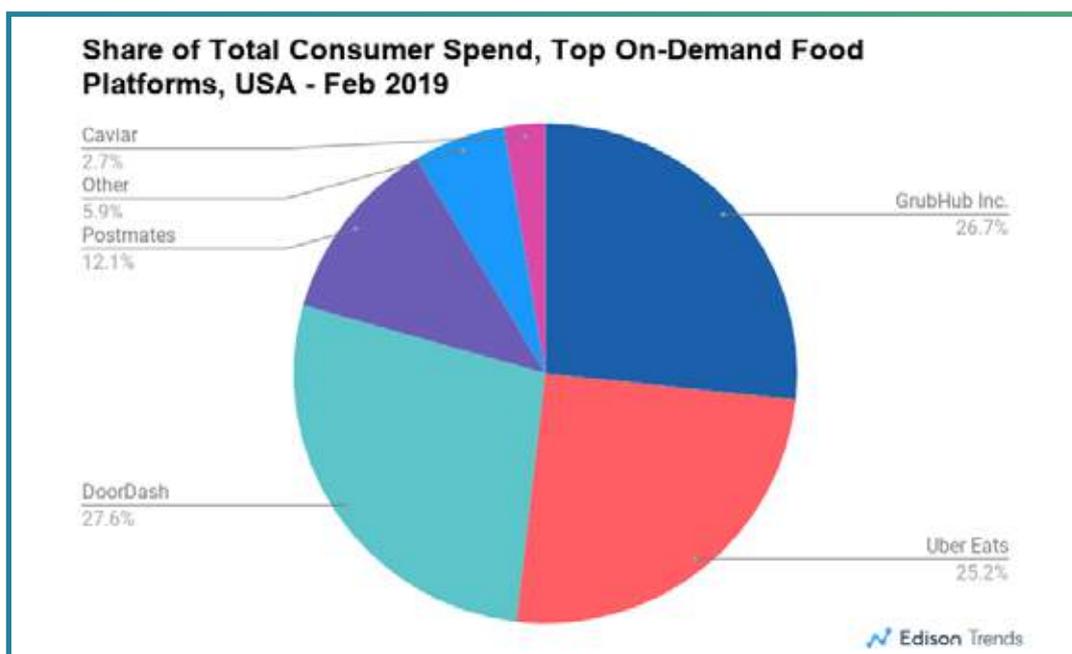
Online Delivery Penetration Could Rise from 6% (~\$19bn) in 2018 to 13% (~\$60bn) in 2025.



As you can see that the industry is ripe for expansion, and your aim to build an on-demand food delivery service will get traction subject to proper implementation of digital technology solutions.

Understanding the Competition:

Edison Trends has listed the share of the top market players in the on-demand online food segment in the US



The image above shows your core competition. These are the organisations you will be going against. These trends show the market share of each of these players and their growth in recent months due to the surge created by the pandemic. Apart from the lockdown period, the food delivery service businesses were always on the receiving end of the spectrum. Eating your favourite food without having to go out was never out of the equation.

A report by Market Watch finds that the pandemic has more than doubled the business of food delivery apps. From April through September 2020, DoorDash, UberEats, GrubHub, and PostMates recorded \$5.5 billion in combined revenue. Compared to 2020, their combined revenue in the same period of 2019 was \$2.5 billion.

Double the Growth!

For restaurants not listed with any of the delivery platforms signing up becomes a survival tactic and a lifeline to stay afloat in the market.

The purpose of sharing all this information is manifold. But here are the major points we can deduce from here.



GROWING DEMAND:

The on-demand food delivery service is not going to see a downturn anytime soon.



FIGHT FOR MARKET SHARE:

The market players will fight to get the highest market share via cash-burning strategies.



INCREASE IN ORDERS:

Convenience and cost-effectiveness will drive more people to start ordering food online

Coming to the last leg of the industry trends, let's talk about the future of on-demand online food delivery service too. Going forward, the industry analysts opined that the food delivery service providers must consolidate and rationalise for improving the service delivery and achieving overall profitability.

The analysts hold the opinion that a rational ecosystem consisting of optimal promotional activities and ads while focussing on delivery improvement will drive the industry to record even better numbers.

With the industry understanding and competition research in hindsight, we can move on to building an on-demand food delivery service.

How to Build an On-Demand Food Delivery Service?

Follow these steps to build an on-demand food delivery app:

Conduct market, competitor, and customer research.

Conceptualise and create design prototypes

Make a list of features and functions

Hire a team for development

Identify the cost of development

There are a lot of ways to build a portal for Platform-to-Consumer Delivery service. **But, we will focus on two methods;**

- ◆ A long road with designing and development with coding.
- ◆ A shorter but innovative way with Tookan.

The process to build an on-demand food delivery platform starts with market research and idea validation.

After going through the industry trends, we can be sure that the market is ready for expansion and there is room for more. Not only this, now you know who your customers are and that they are also keen to order.

Hence, the idea of creating a platform for food delivery service now is spot on. The next thing for creating a food delivery platform is creating a design prototype.

Designing the Food Delivery Platform (Application or Software)

So, your users must get a friendly platform to work with which is easy to navigate and control. Ergo, take care of a few things while designing;

1 ATTRACT YOUR AUDIENCE:

Companies that have better designs get more revenue and are able to share better profits with the shareholders. This is because they do not oversimplify their design to save cost. Creating attractive designs can take a chunk of your capital, but it will also positively impact revenue.

2 CREATE GOOD FIRST IMPRESSION

Customers have the option to switch to any other similar platform, and they will do it without thinking twice. So, you must leverage the opportunity to impress them with design. Yes, features are also important, but any user won't even check the features if they get a bad first experience when they visit the portal.

3 TAKE THE MINIMALIST APPROACH:

Like any other industry, UI/UX design trends also evolve because the user's preferences change. But at this juncture, taking the minimalist approach to create in terms of designing is your best way to move forward.

4 MAKE THE PLATFORM EASY TO USE:

Never let your users second-guess their choice when they are using your platform. The interface has to be fluid and super easy to engage. Right from the point a user logs in to making the payment and giving a review, everything has to be seamless.

Note that you will have to create three different platforms



The core principles of UI remain the same in all the formats, with some changes to the components of user experience design. So, things like onboarding, tracking the delivery agent, processing the orders, etc., are exclusive to each of the tier-based users.

While working on the individual components, ensure that they are easy to understand, navigate, and engage.

Completing the design brings us to the central aspect of building an on-demand delivery service, features, and functions.



How does an on-demand delivery service platform work?

To identify the relevant features required for the MVP version of the platform, it would be helpful to understand the process first. In other words, how does an on-demand food delivery service platform work?

01

The customer will open the application and search for the food they want to eat or the restaurant they want to order food from.

After selecting the items, the user moves to the checkout section and makes the payment. Out of this payment, a commission will be sent to the service provider (you), and the rest will be credited to the vendor.

02

03

Post successful payment, the order is flashed on the vendor's portal, and the food preparation will start.

Meanwhile, another message will be flashed on every delivery agent's device with the details of the vendor and the customer.

04

05

The delivery agent will reach the vendor, collect the order, and start their journey to reach the customer's provided address.

Simultaneously, the customer will get the option to track the delivery agent, and once the order is delivered, a notification will be sent to the vendor, customer, and delivery agent.

06

Let's find the features required for this process. There are three versions, meaning we need three sets of features with some of them overlapping.

Common Features Across All Portals

The features listed below are essential to add for all the participants.

SIGN UP AND SIGN IN -

Customers, vendors, and delivery agents must be able to sign up by linking their account with Gmail, Facebook, or any other social media platform. This provides the option of one-click login.

PUSH NOTIFICATIONS-

All three portals must receive the appropriate notifications. For instance, the customers must get notifications about order processing, completion, handover, and delivery. To enable this, all three portals have to be joined together with one single order.

Customer's Portal

FIND FOOD OR RESTAURANT:

You should allow the users to search for the restaurant or food they want to have. Including a simple search function will skyrocket the user experience, which is good for business.

INFORMATION ABOUT THE RESTAURANT:

In another feature or function, it is important to let the users know the restaurant they want to order from. The information to be provided includes menu, address, price list, rating, reviews, and images.

PAYMENT OPTIONS:

Add multiple payment options to allow the users to pay with their desired method. This can be done by integrating with third-party applications.

GIVE RATINGS AND REVIEWS:

By letting your customers leave reviews and rate a restaurant's food builds trust among the community. User-generated reviews are always taken seriously by other users.

ORDERING AND ORDER SUMMARY:

Make it super easy for your users to select the items and add items to the card. A better option is to keep the "Add to Cart" button within the thumb's range.

Vendor's Portal

ONBOARDING:

The vendor onboarding process has to be simple. Allow them to add a menu, prices, and images of the food items.

ORDER MANAGEMENT:

Even though no vendor would like to deny an order, that does not mean they shouldn't have the choice. Apart from the accept and reject order function, the vendors must also be able to access order information from a single interface and also view the past orders.

LIVE TRACKING:

The vendors must know the location of the delivery agent at all times. Hence, give them the interface to track delivery agents before and after handing over the order until it is delivered to the customer.

Delivery Agent Portal

ORDER MANAGEMENT: Just as the vendors have the option to accept or reject the order, the delivery agent must also have the option to do the same.

REGISTRATION PORTAL: Post sign up, the delivery agents must create, edit, and manage their profile. Ensure that every agent has to include a picture of themselves and the details of the vehicle they are using.

ORDER COMPLETION: It is the delivery agent who will notify the vendor about successful delivery. To make it better, integrate one-click order delivery.

NAVIGATION AND MAP: Starting from the agent's location to the restaurant and then to the customer's address, the delivery agent needs access to a map with a suggested route to complete the order as quickly as possible.

These are the features essential for the MVP version of the platform. It is better to build and launch the MVP version as it will help save the costs spent on other advanced features and give you a chance to test the waters.

Route optimization

Geo-fencing

Agent scheduling

Off-line sync

Inventory management

Maintenance services

**Fleet behavior
Management**

Now that you know what features to incorporate, let's understand how much it will cost to build an on-demand food delivery service platform.

Cost to Build On-Demand Food Delivery Service

The cost to build a platform like this depends on several variables, but two of them are the most important and hold a majority of shares.

1. **What type of team are you choosing to help you build the platform?**
2. **How much time will it take for the selected team to codify each feature and bring Everything together?**

About the team, you can choose to work with freelancers, hire an in-house team, or hire an offshore team (outsource). Out of these three options, freelancers are the most cost-effective, but you cannot guarantee the work quality and delivery.

An in-house will provide an unparalleled quality product on time and with the business logic that you have built for the same. But the cost to hire an in-house team is high. Taking the middle road, you can outsource the work to an off-shore team as they will provide quality work at competitive prices.

In recent years, the companies have started to take another option, outstaffing. It is where you hire a couple of developers to work as an in-house team and hire an offshore team to handle the other small repetitive tasks.

As for the number of hours are concerned, it can depend on the team working on the project and how fast they are able to codify every aspect. To help you understand better, follow a sample feature and hours required tally below.

FEATURE	BACKEND (HOURS REQUIRED)	FRONTEND (HOURS REQUIRED)
Sign in and Sign Up	8	38
Push Notifications	14	32
Total	22	70

Similarly, you will need a list of all the features with the number of hours required to build it. Here, it takes 92 hours to build two features for the platform. Similarly, by calculating the same for all the MVP features, we reach a total hours tally of 1000 hours.

The hourly rates of developers and designers is also highly variable across different countries. A developer from the USA can charge somewhere between \$150 to \$250 per hour, and the ones from Ukraine can charge between \$35 to \$50 per hour. For calculation sake, let's keep the average price to hire a developer at \$75 per hour. This means that for a project that will take 1000 hours, you need to shed out \$75,000. That's a big price to ask.

Don't be alarmed if you are not ready for this big commitment. If you remember, we said earlier that there's another option that you can opt for, and that is where Tookan comes in.



What is Tookan and How it Can Help?



Tookan is your saviour when it comes to hiring people to work on your project, spend thousands of dollars, and also worry about user-friendly design. With Tookan, you don't need to codify all the features mentioned above, they are as easy to integrate as ticking a checkbox.

Tookan is an end-to-end mobility solution for all sorts of delivery businesses, including food delivery. It gives you the ability to manage every portal required for the business from a single platform, with perfect design and access to standard and advanced features.

So, Tookan can help with the following;

- ◆ No need to hire developers, designers, testers, and DevOps. With Tookan, you can build an on-demand delivery business from scratch without any help.
- ◆ It has inbuilt features like automated dispatch, push notifications, route optimisation, tracking, navigation, vendor onboarding, etc.
- ◆ Work with pre-designed components that are built with modern designing requirements meant to enhance the user experience.
- ◆ Integrate your platform with more than 100 payment gateways to create a seamless checkout experience for your customers.

So, Tookan is the most authentic, cost-effective, and technically advanced option to build an on-demand food delivery service.

CONCLUSION

Building an on-demand food delivery service is a great idea, period. However, every idea needs the right implementation plan and execution to prosper and realise its potential. To create an on-demand delivery business, you can either go through the lengthy design and development process.

Or, you can work with Tookan and leverage its ready-made components and bring them together to create a flawless and performant application that is not only easy to manage but also easy to grow and scale.

