

IFE & EFE, TOWS and QPSM Analysis of Online Food Delivery Services

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ABSTRACT

Purpose: *This study attempts to analyse internal and external factors that favourably lead to increased turnover of Online Food Delivery Services and to offer best strategies that can be implemented based on those indicators, and select the most effective strategy.*

Design: *The study is based on primary and secondary data. Focus group method were employed as primary data source for IFE and EFE analysis followed by TOWS matrix and QSPM analysis and secondary data was obtained by reference to journal papers and books.*

Findings: *The results shows that the company should select the best strategy as improvement in food quality followed by related food diversification.*

Originality/Value: *The paper helps to understand the internal and external factors influencing sales of Online Food Delivery Services by the use of different analysis framework.*

Type of the Paper: *Qualitative Analysis*

Keywords: IFE and EFE analysis, TOWS matrix, QSPM analysis, Online Food Delivery Services, Strategies

1. INTRODUCTION :

Advancement in technology has influenced the consumers to shop online, which has propelled the e-commerce industry's spectacular rise over the past decade. A number of factors have influenced this shift in consumer purchasing behaviour, some of which are market or area, while others are the result of worldwide developments [1]. A rise in discretionary income, primarily in developing countries; extended work practices, mass transit times; enhanced bandwidth coverage and amplified digital payment security; trade barrier serenity; a growth in the number of chain stores with a digital service; and greater awareness among the potential consumer of e-commerce are among the customer value proposition that fueled the rapid adoption of e-commerce [2], [3]. The rise of this market has been increased by integrated online meal delivery systems such as Zomato, Swiggy, Uber Eats, and many others [4]. Several services are performed by online food deliverer, including offering with a broad selection of food options, receiving orders and transferring these orders to the commercial entity, monitoring payment, instituting food delivery, and facilitating tracking features. Food Delivery Apps (FDAs) are a type of apps through a customers can use to order food [5].

Strategic planning is an important tool for organizations to attain their objectives and goals for their success. Therefore, strategic planning is pre-requisite and fundamental for effective management [6][16]. Strategic management is a tool used for managerial activities and decisions that influence a company's long-term performance [7], [8].

Developing a strong set of tactics will boost sales performance. Therefore, a SWOT analysis is carried out in order to develop effective solutions for maintaining the sales performance of Online Food Delivery Services (OFDS). The SWOT or SWOC Analysis is a strategy-building tool for businesses and organisations to understand their competitive advantage [6], [9]. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. Strengths and weaknesses are the internal factors that affect from within the company, and opportunities and threats are the external factors that affect the company's performance. After analyzing the SWOT, Internal Factor Evaluation (IFE) matrix, External Factor Evaluation (EFE) matrix, Threats- Opportunities-Weaknesses-Strengths (TOWS) matrix, and Quantitative Strategic Planning Matrix (QSPM) [6] were used to analyze Online Food Delivery Services.

The purposes of the paper is to identify and determine external and internal variables that impact Online Food Delivery Services sales performance; offer best strategies from the alternates which is determined based on those indicators, and select the priority approach for strategy implementation.

2. REVIEW OF LITERATURE :

Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) Matrix:

The input phase of strategy formulation includes IFE and EFE. Strategists can more effectively develop and appraise different business related strategies by making modest judgments, there in contribute to know the relative relevance of external and internal factors [10].

After identifying internal and external factors, each indicator is given a weight ranging from 0.0 (not important) to 1.0 (very important). Percentage form can be used for decimal form. Weights are assigned to determine the importance of indicators listed in SWOT analysis. Rank from 1 to 4 are assigned to represent the response, where; is major weakness (IFE) or poor response (EFE), is minor weakness (IFE) or average response (EFE), is minor strength (IFE) or above average response (EFE), is major strength (IFE) or superior response (EFE) [10].

Later, weighted score is determined by multiplying each weight by their respective ranks. The weighted scores is later added to get the total weighted scores.

Threats-Opportunities-Weaknesses-Strengths (TOWS) Matrix:

The TOWS matrix is used in the formulation of strategy for achieving greater efficiency in the business. Many experts advise a business to leverage its strengths and overlook critical linkages, such as the challenges for incapacitating weaknesses to capitalise on opportunities [11].

Mr. Weihrich initially proposed this matrix in 1982, combining external and internal variable [12].

It includes four types of strategies which are - S-O strategies, which make use of a company's internal strengths to capitalise on external opportunities, W-O strategies, which attempt to address internal weaknesses by leveraging external opportunities, S-T strategies, which rely on a company's strengths to avoid or mitigate the effects of external threats, and W-T strategies are defensive techniques aimed at minimising internal weaknesses while avoiding external challenges [10].

Quantitative Strategic Planning Matrix (QSPM)

Decision step of the formulation of strategy is where QSPM fits in. The internal and external factors are used to create indicators. Furthermore, it identifies or ranks the best alternative business strategies. According to Abratt and Dibb, QSPM evaluates the relative attractiveness of alternative techniques on how well they will help the business to maximise on strengths and opportunities, overcome weaknesses, and prevent/minimize external threats [13]–[15].

It entails subjective judgments, with each decision made during the process enhancing the possibility for the organization's final strategy decision will be successful [16], [17]. Sum of TAS is calculated along with Attractiveness Scores (AS) and Total Attractiveness Scores (TAS).

3. OBJECTIVES :

- (1) To analyze the strengths and weakness of Online Food Delivery Services by use of Internal Factor Evaluation (IFE) Matrix.
- (2) To determine the opportunities and threats of Online Food Delivery Services by use of External Factor Evaluation (EFE) Matrix.
- (3) To analyse the strategies for the identified internal and external variables of Online Food Delivery Services by Threats-Opportunities-Weaknesses-Strengths (TOWS) Matrix.
- (4) To evaluate the identified factors of Online Food Delivery Services by Quantitative Strategic Planning Matrix (QSPM).
- (5) To suggest suitable strategy to increase turnover from the two alternatives for Online Food Delivery Services

4. RESEARCH METHODS :

4.1 Research Material:

The paper has used secondary data, referring articles, books and journal papers. Descriptive analysis is used to identify proper strategies for the Online Food Delivery Services.

4.2 Data Analysis Techniques:

The study employed focus group method for data collection. This study incorporates three matrices for analysis, vis-à-vis, IFE and EFE matrix which is the first stage, TOWS matrix the second step followed by QSPM on which decision is taken to select the best alternate. Therefore, the analysis was based on final output by QSPM.

5. IFE AND EFE ANALYSIS OF ONLINE FOOD DELIVERY SERVICES :

5.1 Internal Factor Evaluation (IFE) Matrix of Online Food Delivery Services:

Below Table 1 depicts the outcome of internal analysis of Online Food Delivery Services that influenced several factors of strengths and weakness. Thereafter, weights are determined followed by ranks.

Table 1: Outcome of Evaluation of Internal factors of Online Food Delivery Services

Sl. No.	Strengths	Weights	Rank	Weighted Score
S.1	Good Corporate Culture	0.22	4	0.792
S.2	Effective Supplier Chain Management	0.2	3	0.52
S.3	Brand Image	0.16	2	0.384
S.4	High Inventory Turnover	0.12	2	0.24
S.5	Good Marketing Reach	0.2	2	0.48
S.6	Employee Morale	0.1	3	0.26
	Total	1		2.676
Sl. No.	Weakness	Weights	Rank	Weighted Score
W.1	Increased Delivery Costs	0.18	2	0.396
W.2	Risk of Stock Holding	0.12	3	0.312
W.3	Insufficient Trained Delivery Personnel	0.16	2	0.352
W.4	High Operational Cost	0.16	3	0.416
W.5	High Lead Time	0.26	3	0.78
W.6	Ineffective Customer Grievance Redressal Mechanism	0.12	3	0.312
	Total	1		2.568
	Total IFE			5.704

Source: Compiled by the Researcher

Weight value more than 0 and 1 indicates important and Weight value less than 0 and 1 indicates less important.

Above Table 1 shows the total score as 5.704 more than the average total score of 2.5, which means the internal evaluation of Online Food Delivery Services indicates good competitive ability in the market. Therefore, the strengths have reaped then weakness.

5.2 External Factor Evaluation (IFE) Matrix of Online Food Delivery Services :

The outcome of external factors of Online Food Delivery Services that influenced numerous variables of opportunity and threat is shown in Table 2, including the weighting and ranking by focus group.

Table 2: Results of Evaluation of External Factors of Online Food Delivery Services

Sl. No.	Opportunities	Weights	Rank	Weighted Score
O.1	Access to Rural Areas	0.12	3	0.384
O.2	Proliferation of Digital Platform and New Form of Communication to Wider Access	0.22	3	0.748
O.3	Health-Conscious Consumers	0.24	3	0.672
O.4	Increased Demand for Eco-Friendly Packaging	0.16	4	0.576
O.5	Increase in Disposable Income	0.14	3	0.448
O.6	More Number of Restaurant Partners	0.12	3	0.336
	Total	1		3.164

Sl. No.	Threats	Weights	Rank	Weighted Score
T.1	Intensive Competition	0.2	1.6	0.32
T.2	Government Regulation and Policies	0.22	1.8	0.396
T.3	Imitation of Business Models by Rivals	0.16	2.4	0.384
T.4	Changes in Consumer Taste & Preferences	0.16	2.4	0.384
T.5	Increase in Bargaining Power of The Supplier	0.14	2.2	0.308
T.6	Price Volatility of The Food Ingredients	0.12	1.2	0.144
	Total	1		1.936
	Total EFE			5.1

Source: Compiled by the Researcher

Weight value more than 0 and 1 indicates important and Weight value less than 0 and 1 indicates less important.

Above Table 2 shows total score of 5.1 more than the average total score of 2.5, which means the external evaluation of Online Food Delivery Services indicates the strategies are well designed to meet and explore the opportunities and defend itself against external threats.

6. TOWS MATRIX :

Table 3 below exhibits the TOWS matrix of Online Food Delivery Services

	Strengths	Weakness
TOWS MATRIX	S.1 Good Corporate Culture S.2 Effective Supplier Chain Management S.3 Brand Image S.4 High Inventory Turnover S.5 Good Marketing Reach S.6 Employee Morale	W.1 Increased Delivery Costs W.2 Risk of Stock Holding W.3 Insufficient Trained Delivery Personnel W.4 High Operational Cost W.5 High Lead Time W.6 Ineffective Customer Grievance Redressal Mechanism
Opportunities O.1 Access to Rural Areas O.2 Proliferation of Digital Platform and New Form of Communication to Wider Access O.3 Health-Conscious Consumers O.4 Increased Demand for Eco-Friendly Packaging O.5 Increase in Disposable Income O.6 More Number of Restaurant Partners	S-O Strategies SO.1 Move into untapped market SO.2 Advertising by celebrities to tap rural areas SO.3 Maintain stock management software SO.4 Employee promotion based on feedback	W-O Strategies WO.1. Introduce organic food. WO.2. Many choices in menu can be included incorporating regional food tastes. WO.3. Reward Loyalty points WO.4. Maintain the ordering system's consistency WO.5. Establish inventory Standards
Threats T.1 Intensive Competition T.2 Government Regulation and Policies T.3 Imitation of Business Models by Rivals T.4 Changes in Consumer Taste & Preferences T.5 Increase in Bargaining Power of The Supplier	S-T Strategies ST.1. Partnerships with more local restaurants ST.2. Nature friendly packaging ST.3. Introduce cloud kitchens ST.4. Food product development	W-T Strategies WT.1 Understanding the differences of customer perception WT.2 Fixed-price yearly agreements with food ingredient supplier can reduce and control operational expenses

T.6 Price Volatility of The Food Ingredients		WT.3 Premium subscriptions can help in retaining the major suppliers of market influence WT.4 Related food product diversification
Source: Compiled by the Researcher		

7. QUANTITATIVE STRATEGIC PLANNING MATRIX (QSPM) OF ONLINE FOOD DELIVERY SERVICES :

The best strategy among the alternate is selected by using QSPM analysis. The two alternatives are evaluated by the Attractiveness Score (AS) of identified each external and internal factor. The interest rate of each in internal and external factor will be summed by the weight of each identified variable to get the Total Attractiveness score (TAS).

Sl. No.	Key Factors	Weight	Strategic Alternatives			
			Food Quality Development		Related Food Diversification	
			AS	TAS	AS	TAS
	Opportunities					
O.1	Access to Rural Areas	0.12	3	0.384	2	0.24
O.2	Proliferation of Digital Platform and New Form of Communication to Wider Access	0.22	3	0.748	1	0.22
O.3	Health-Conscious Consumers	0.24	3	0.672	2	0.48
O.4	Increased Demand for Eco-Friendly Packaging	0.16	4	0.576	3	0.48
O.5	Increase in Disposable Income	0.14	3	0.448	4	0.56
O.6	More Number of Restaurant Partners	0.12	3	0.336	2	0.24
	Threats					
T.1	Intensive Competition	0.2	1.6	0.32	2	0.4
T.2	Government Regulation and Policies	0.22	1.8	0.396	4	0.88
T.3	Imitation of Business Models by Rivals	0.16	2.4	0.384	1	0.16
T.4	Changes in Consumer Taste & Preferences	0.16	2.4	0.384	3	0.48
T.5	Increase in Bargaining Power of The Supplier	0.14	2.2	0.308	4	0.56
T.6	Price Volatility of The Food Ingredients	0.12	1.2	0.144	2	0.24
	Strengths					
S.1	Good Corporate Culture	0.22	4	0.792	1	0.22
S.2	Effective Supplier Chain Management	0.2	3	0.52	2	0.4
S.3	Brand Image	0.16	2	0.384	3	0.48
S.4	High Inventory Turnover	0.12	2	0.24	1	0.12
S.5	Good Marketing Reach	0.2	2	0.48	3	0.6
S.6	Employee Morale	0.1	3	0.26	4	0.4
	Weakness					
W.1	Increased Delivery Costs	0.18	2	0.396	1	0.18
W.2	Risk of Stock Holding	0.12	3	0.312	1	0.12
W.3	Insufficient Trained Delivery Personnel	0.16	2	0.352	1	0.16
W.4	High Operational Cost	0.16	3	0.416	1	0.16
W.5	High Lead Time	0.26	3	0.78	2	0.52
W.6	Ineffective Customer Grievance Redressal Mechanism	0.12	3	0.312	2	0.24

	Total			10.34		8.54
	Priority			1		2
Source: Compiled by the Researcher						

8. DISCUSSION :

The two different strategies are obtained from IFE, EFE, TOWS, and QSPM Matrix. Two strategies identified are: (1) Food Quality Development, (2) Related Food Diversification. As per the result, in priority the industry should go for food quality development followed by related food diversification. Both the strategies are discussed below:

(1) Food Quality Development:

Online Food Delivery Services can adopt food product innovation and brand growth tactics to boost sales performance in order to stay up with rapid changing customer demands and lifestyles, as well as threats from rivals. Restaurants partnered can be asked to list more of health and nutrition beneficial food to attract more diet conscious individuals. Advertising to greater number should be undertaken to influence the minds of many individuals especially the rural residents. Fresh stock of ingredients should be used to maintain the quality of food. Packaging should be done with eco-friendly materials to avoid harmful usage of plastics.

(2) Related Food Diversification:

Online Food Delivery Services can add new product line can add new product line or service to existing food products. Groceries and ready to eat products can be delivered as addition to existing service. The industry should indulge in frequent research and development programmes for testing to mix the flavour of a conventional food recipe with a currently available food items. This endeavour can assist them in continuing to innovate and improve their goods in order to stay up with their Indian competition without sacrificing local flavour.

9. SUGGESTIONS :

Quality of the food is the basic requirement and expected by every customer. Therefore, the online food delivery services should try partnering with those restaurants who are servicing food with good quality and nutrients to the customer. Some suggestions listed below can be implemented to enhance their service and sales:

- (1) Fresh stock and ingredients should be used in preparation of food items.
- (2) Appropriate measures should be taken in protection of stock from pest.
- (3) Proper hygiene should be maintained for keeping the stock and in preparation of food items.
- (4) Compliance with personal protective equipment (PPE) by the restaurants should be strictly followed to avoid delivery of unhygienic food
- (5) Artificial ingredients and food colouring should be minimised for healthy preparation of food.
- (6) Constant feedback from customers and incorporating the changes will help customers to get satisfied with the quality.
- (7) Temperature of the food should be monitored prior delivery to customers.
- (8) Food kitchens should sanitize the food preparation area to reduce unwanted bacteria's and germs.
- (9) People involved in cooking and food deliverer both should be well groomed to provide safe food to customers.
- (10) Eco- friendly packaging can be used for delivery to avoid plastic hazards to health and offer environment friendly zone.

10. CONCLUSION :

The current socio-economic lifestyle pattern of an individual is significant to accelerate the advancement of food-on-the-go and quick online delivery platforms. The growing population, particularly in populated cities, lengthier commuting times, and the fast food with less expensive choice, having food delivered to one's home are all key factors for the online food delivery industry's rise. In this study, IFE and EFE analysis, TOWS Matrix and QSPM analysis were used to find the best strategy from internal and external factor analysis. The result shows Online Food Delivery Services to develop their food quality to achieve success in terms of sales and profit.

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