

# Food Order and Delivery Business on Blockchain-

## Overview of Industry-

- Swiggy said It crossed 500 million delivery orders in October 2019, exceeding the target set of 360 million a year.
- Zomato logs 225% surge in revenue in first half of 2019, company witnessed three-fold jump in revenue to USD 205 million dollars (1458 crores).

## How food order and delivery services work-

Before exploring the boons of developing a food delivery app with blockchain, it is important to understand the functioning of its service model.

In a typical food ordering app, you register name, address, and location. Next, you log into the app and search for the restaurant and add food to the cart. And finally, select the payment method and order the food.

Now, the order is assigned to a particular restaurant. The restaurant cooks the food and, in the meantime, the food app company assigns a delivery partner to the restaurant. The delivery partner picks the food and uses the map to deliver it to the customer.

If you see very closely, starting from sourcing the material in the restaurant to delivering the food to the customers, a supply chain is formed.

## Problems and how blockchain will solve them-

- High Commission Rates-

**Swiggy** – 18%-23%

**Zomato**-Zomato charges anywhere between 10%-15%\* depending on the service provided and the area. if a restaurant lists exclusively on Zomato for online ordering they pay 7%-8% while if they choose to work with others as well, the commission goes up to 12%. And if Zomato also provides its delivery fleet to deliver the orders, the commission can reach up to 18%.

**Uber Eats**- 25%-30%

The current structure of online food ordering and delivery add-up numerous channels between the actual two parties; the provider and the consumer. As these layers increase so does the commission rate. The data from various sources suggest that this commission is as high as 20-30%.

On the other hand, courier team or the delivery teams involved always keep complaining about getting only the residual. Through bringing blockchain in place, whether restaurant owns the application or the third party, costs can be lowered by bringing automation and placing algorithms based on the blockchain.

- **Centralized Players and Trust Issues-**

When in current scenario these applications are made to work, all the controls are held by the owner.

The third-party player involved acts like being helpful to the restaurant business so as to maximize the profit, but rarely does it act that way. It not only hampers the food business but strikes hard on the customer acquisition strategy of the business. Blockchain in this place brings decentralization and allows the flow of information to all the parties involved.

- **Security Check and Growth-**

As the delivery platform is not based on a blockchain, it makes the whole process of hiring a member in delivery panel a risky and gigantic issue to hustle with. The database details and process of hiring delivery staff always remain less stringent and anyone with past criminal records history of failure to abide by traffic rules can easily break into the team.

With blockchain, all the data whether related to crime, traffic misbehavior or previous work information can be updated on the blockchain to use it for screening and hiring team members. This blockchain in future can also be integrated with that of government authorities, to further enhance the screening and selection process. **(Proof of Existence)**

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*According to IT Minister of State Sanjay Dhotre, **Distributed Centre of Excellence in Blockchain Technology** has Developed Proof-of-Existence (PoE) Framework to enable PoE for digital artifacts, used to check the integrity of academic certificates, sale deed documents, MoU, etc.*

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- **Regulations-**

Government regulations and standards for safety and security play a major role in food ordering and delivery.

Blockchain can make this an easy way to go, as all the details either updated on own by the restaurants or by integrating to concerned departments' blockchain, can be found easily and do not ask the hefty amount of time.

- **Smart Contracts control it all-**

The most prominent feature that blockchain can allow is the use of Smart Contracts. The process in the food ordering and delivery becomes automated and complaint to law.