

1. Market Research Report

Customer Preferences in the Food Delivery Service Industry

Prepared by:

Afolabi Olawale Goodluck

Position: Market Research Analyst

Contact Information:

Email: lekanolawale477@gmail.com

Phone: +234 808 441 5996

2. Executive Summary

This report presents a detailed market analysis of the food delivery industry, derived from survey feedback of 52 respondents. The findings highlight a significant gap between customer expectations and the current offerings of food delivery services. While food delivery remains a popular option, most respondents use these services infrequently, with **76.9% rarely ordering food**. Key areas of dissatisfaction include **high delivery fees, long delivery times, and limited restaurant variety**. Customers also prioritize **real-time delivery tracking, improved user interfaces, and lower costs** as essential enhancements in future food delivery platforms.

Despite the challenges, there is a clear opportunity to capitalize on these pain points. By focusing on user-centric features and addressing key issues such as pricing and delivery efficiency, businesses can gain a competitive edge in the market. This report recommends solutions such as introducing **dynamic pricing**,

expanding restaurant partnerships, and leveraging technology for real-time tracking to increase customer satisfaction and adoption.

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4. Introduction

4.1 Overview of the Food Delivery Industry

The food delivery industry has become a key component of the global food service sector, evolving with the rise of digital platforms and changing consumer lifestyles. The industry includes both online ordering services that deliver prepared food from restaurants and grocery services that deliver uncooked ingredients to consumers' homes. The rapid adoption of mobile apps and the increased accessibility of the internet have significantly altered how food is consumed, especially in urban settings.

Global Landscape

Globally, food delivery has transformed into a multi-billion-dollar industry. With the widespread use of food delivery apps such as UberEats, DoorDash, and Grubhub, the convenience of ordering food to one's doorstep has made the service increasingly popular among busy professionals, families, and tech-savvy consumers. The growth of third-party delivery platforms has led to significant changes in restaurant operations, with many establishments relying on these platforms to expand their customer base and increase revenue without having to manage the complexities of delivery logistics themselves.

Nigerian Market

In Nigeria, the food delivery market has shown considerable growth, particularly in major urban centers such as Lagos, Abuja, and Port Harcourt. However, the sector remains in its infancy compared to more developed markets. As of recent years, food delivery services like Jumia Food, Bolt Food, and Glovo have been actively competing for market share.

Despite this, the industry is still plagued with several challenges, including poor infrastructure, logistical bottlenecks, and high operational costs, all of which impact service quality and customer satisfaction.

The Nigerian food delivery market is characterized by a young, urban population that increasingly values the convenience and time-saving aspects of food delivery. However, it is also a price-sensitive market where consumers are highly discerning about value for money. In a country with significant socioeconomic diversity, there are also disparities in the reach of these services, with certain neighborhoods and smaller towns lacking sufficient delivery options.

4.2 Purpose and Objectives of the Report

The primary purpose of this market research report is to analyze customer preferences, behaviors, and areas of dissatisfaction with current food delivery services in Nigeria. The report aims to provide a detailed understanding of the consumer landscape and offer strategic recommendations that could guide the development of a new food delivery app designed to better meet customer expectations and address the limitations of existing platforms.

Objectives of the Report:

- **Understand Customer Preferences:** The research seeks to gain insights into what drives customer decisions when choosing food delivery services. This includes factors such as pricing, delivery speed, app usability, and the variety of food options available.
- **Identify Pain Points in the Current Market:** By examining customer feedback and complaints about current food delivery services, the report will highlight the main areas of dissatisfaction, such as high fees, slow delivery, poor customer service, and food quality upon arrival.
- **Evaluate Market Segmentation:** The research will explore how different customer segments—based on factors such as age, income, and location—approach food delivery services. This segmentation will help identify target audiences and their unique needs.
- **Provide Actionable Recommendations:** Based on the analysis of customer preferences and market dynamics, the report will provide recommendations for new food delivery services to differentiate themselves in a competitive market. These recommendations will focus on improving customer experience, optimizing operational efficiency, and enhancing service quality.

- **Support the Development of a New Food Delivery App:** The findings of the report will serve as a foundation for creating a more customer-centric food delivery platform that addresses the current challenges and meets the evolving needs of Nigerian consumers.

5. Problem Statement

The food delivery market, while rapidly expanding, faces several critical challenges that impact customer satisfaction and reduce usage frequency. Through survey analysis, four primary pain points emerged, each of which significantly affects user loyalty and engagement with existing services:

- **High Delivery Fees:** Over 55% of survey respondents identified delivery costs as a barrier to frequent usage, highlighting affordability as a key constraint. Customers often seek a balance between convenience and reasonable pricing, which current services fail to provide.
- **Long Delivery Times:** Slow delivery speeds were cited as a primary frustration by 51.9% of respondents, signaling a strong demand for faster, more dependable delivery options that align with customer expectations for immediate service.
- **Limited Restaurant Variety:** Nearly half of participants expressed a desire for a broader range of restaurants. This dissatisfaction with limited food choices suggests that current platforms are not meeting the diverse culinary preferences of users, which restricts platform usage.
- **Poor User Experience:** Many customers reported difficulties with app usability, noting interface challenges and a lack of personalization. This dissatisfaction indicates an opportunity to enhance the user experience by improving app navigation, customization, and responsiveness to user needs.

Collectively, these issues have led to infrequent use of food delivery services, as customers remain hesitant to engage regularly with platforms that don't align with their preferences and expectations. This report aims to delve into these pain points, providing targeted recommendations for solutions that address customer needs directly. By focusing on improving affordability, speed, restaurant variety, and user experience, a new food delivery platform can enhance customer satisfaction and foster loyalty.

6. Methodology

In order to capture a comprehensive understanding of the food delivery market, particularly customer preferences, behaviors, and dissatisfaction with existing services, a

rigorous research methodology was employed. The methodology consists of data collection through an online survey, followed by detailed analysis of the results. This approach allows for both quantitative and qualitative insights into customer expectations and pain points, providing valuable input for the development of a new food delivery app that better meets market needs.

6.1 Data Collection Method

To explore the attitudes, preferences, and experiences of food delivery customers, an **online survey** was designed and distributed to individuals who regularly use food delivery services. The decision to use an online survey was based on several factors:

- **Reach and Accessibility:** Given the growing internet penetration in Nigeria, especially in urban areas, an online survey was an efficient way to gather a broad range of responses. This allowed the study to include participants from various demographic backgrounds across different regions.
- **Cost-Effectiveness:** An online survey is a cost-effective method for collecting large amounts of data in a short period of time, which is ideal for understanding customer behavior in a dynamic market like food delivery services.
- **Anonymity and Honesty:** The online format ensures that respondents feel comfortable providing honest and unfiltered feedback, especially on potentially sensitive topics like dissatisfaction with current services.

The survey was made available on multiple platforms, including social media and email lists, to ensure that a diverse and representative sample of participants were reached. The survey was live for a period of two weeks, allowing for ample time for individuals to respond.

Survey Structure

The survey was structured in the following way to capture relevant data:

1. **Demographic Information:** To assess the profile of food delivery users, respondents were first asked for basic demographic information such as age, gender, income, location (urban vs. rural), and frequency of food delivery use.
2. **Service Usage Patterns:** This section focused on understanding the frequency and habits around food delivery usage. Respondents were asked how often they use food delivery services, whether for regular meals or special occasions, and their typical order types (e.g., single meals, large group orders, etc.).

3. **Factors Influencing Service Choice:** This section explored key factors that influence customer decisions when selecting a food delivery platform. Questions addressed speed of delivery, cost of service, variety of restaurant options, food quality, and customer service experience.
 4. **Dissatisfactions with Current Services:** Respondents were asked to share common frustrations with existing food delivery platforms. Topics covered included high delivery fees, delays in delivery, unresponsive customer service, and poor quality of food upon arrival.
 5. **Desired Features in a New Food Delivery App:** To gauge expectations for a new app, participants were asked to identify features they felt were missing from current food delivery services. Suggestions ranged from faster delivery times to more intuitive user interfaces and loyalty programs.
 6. **Payment Preferences and App Usability:** In this section, respondents were asked about their preferred payment methods (e.g., cash, mobile money, credit card) and their experience with app usability, including ease of navigation, payment integration, and the clarity of the ordering process.
-

6.2 Survey Design and Demographics

The **survey design** was structured to collect both quantitative and qualitative data that would provide deep insights into customer preferences and pain points. It utilized a combination of multiple-choice questions, Likert scale questions, and open-ended questions to capture a range of responses.

Key Areas Covered in the Survey Design:

- **Service Usage Frequency:** Respondents were asked about how often they use food delivery services, with options ranging from daily to occasionally.
- **Importance of Key Factors:** Multiple questions addressed how important various aspects of the service were in their decision-making, such as delivery speed, cost, food quality, and variety of options.
- **Level of Dissatisfaction:** To assess areas for improvement, participants were asked about common issues they faced, such as high delivery costs, poor customer service, and late deliveries.
- **Desired Improvements:** Respondents were encouraged to share suggestions for improvements, such as features they felt were missing or could be enhanced in a new food delivery app.
- **Payment Preferences:** To better understand the payment dynamics, participants were asked to select their preferred method of payment (e.g., cash on delivery,

mobile payment options, or credit/debit card) and their level of satisfaction with current payment methods.

Demographics:

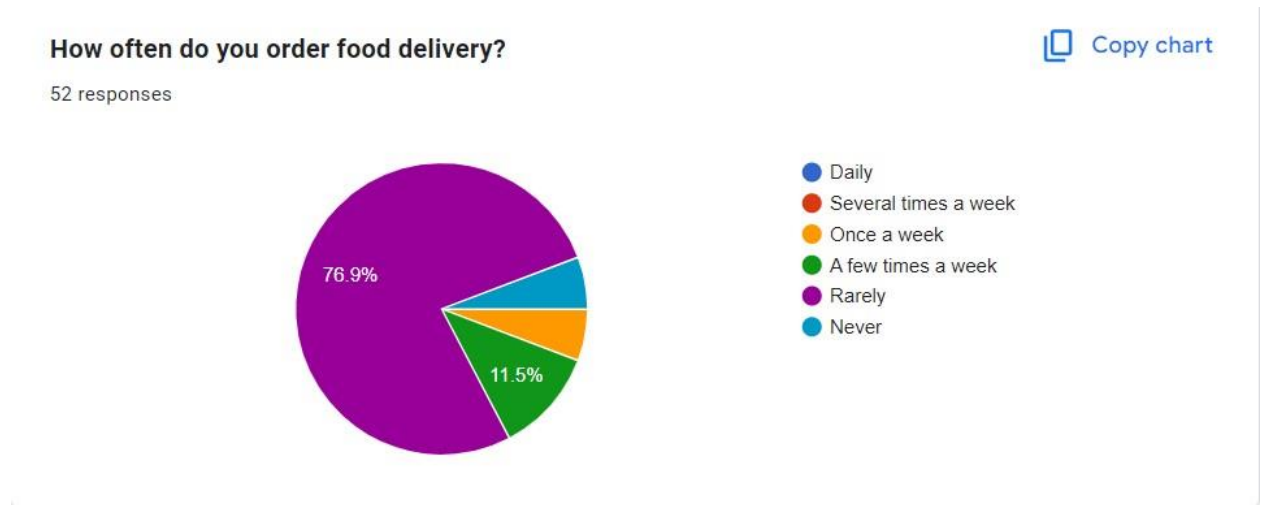
The demographic information collected in the survey aimed to provide a broad understanding of the diversity of food delivery customers. This data allowed for segmentation and deeper insights into different user profiles, helping to tailor the findings and recommendations for distinct customer groups.

- **Age:** Participants ranged from 18 to 30 years old, capturing both younger users (who may be more tech-savvy) and older users (who may have different service expectations).
- **Gender:** The survey gathered responses from both male and female participants to ensure balanced perspectives.
- **Income Level:** Income brackets were included to explore how purchasing power influences food delivery habits, especially in a price-sensitive market.
- **Location:** A mix of urban and suburban respondents was targeted, as food delivery services are more prevalent in urban centers, but the survey also aimed to understand the needs of users in less densely populated areas.
- **Frequency of Usage:** A range of frequency levels was considered, from daily users to those who use food delivery services only occasionally, allowing for insights into the frequency-driven needs and pain points.

The data collected through this methodology provides valuable insights that help uncover customer pain points, preferences, and expectations. By analyzing the responses, the report aims to provide actionable recommendations for developing a food delivery app that can better address the needs of Nigerian consumers.

7. Key Findings - Expanded Analysis

7.1. Frequency of Food Delivery Usage

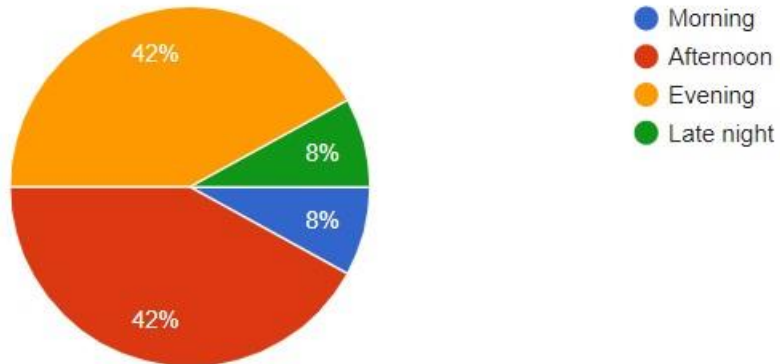


A significant portion of respondents (76.9%) rarely order food delivery, with only 11.5% ordering a few times a week. This infrequent usage suggests potential barriers, such as high delivery costs, poor service experience, or limited restaurant options. To drive higher order frequency, companies should explore pricing strategies aimed at low-budget customers and enhance the convenience of frequent ordering. For instance, subscription models that offer free or discounted delivery after a certain number of orders could incentivize greater engagement and loyalty.

7.2. Preferred Time of Delivery

What time of day do you typically order food?

50 responses

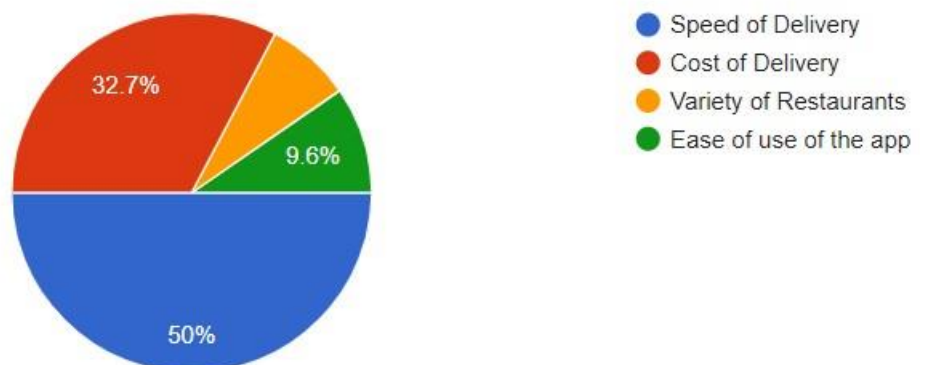


Most respondents order food during the Afternoon (42%) and Evening (42%) hours, highlighting peak demand times. Delivery services can optimize by focusing staffing and logistics during these hours to ensure fast and efficient service. Using predictive analytics to anticipate demand spikes and optimize routes could significantly reduce delivery times, especially during these peak hours, improving customer satisfaction.

7.3. Key Decision Factors

What is the most important factor when choosing a food delivery service?

52 responses



Delivery speed (50%) and cost (32.7%) are the primary decision factors influencing customer choice. This suggests that focusing on technological

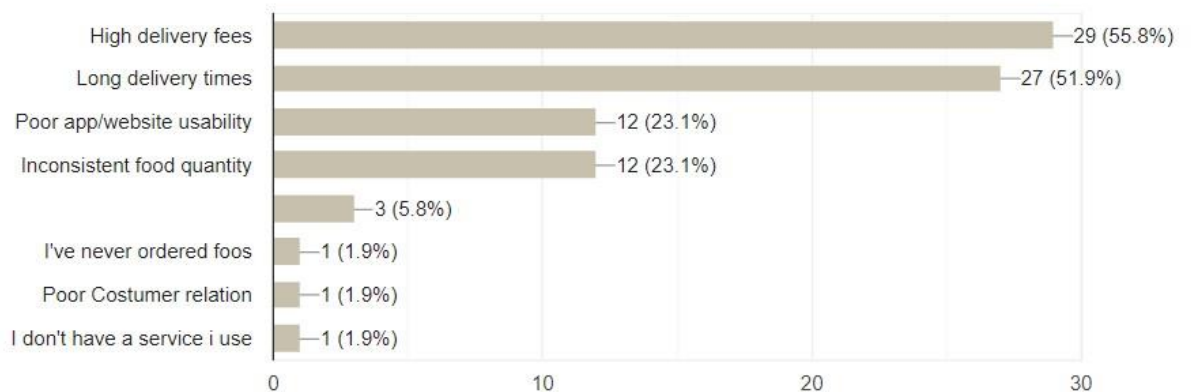
improvements such as automated dispatching, route optimization, and real-time tracking could greatly enhance delivery speed. A tiered delivery pricing system could cater to both segments: faster, premium delivery for those prioritizing speed, and slower, more affordable delivery options for budget-conscious customers. Surprisingly, only 9.6% of respondents prioritized restaurant variety, indicating that operational efficiency and pricing structures may be more important than expanding restaurant options.

7.4. Customer Dissatisfaction

What do you dislike about your current food delivery service? (Select all that apply)

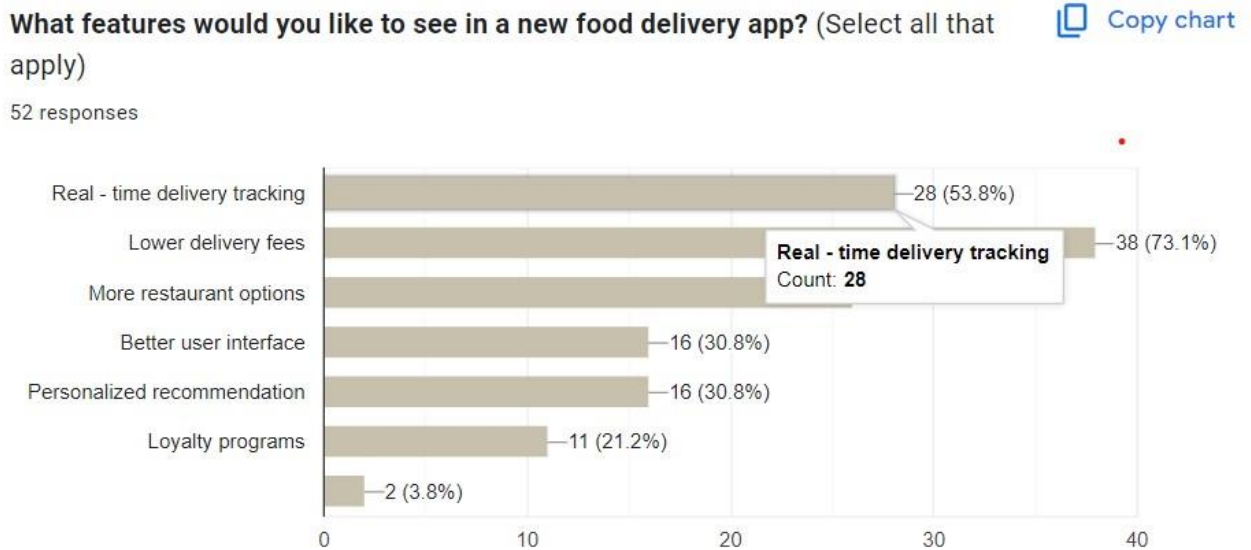
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52 responses



High delivery fees (55.8%) and long delivery times (55.8%) are the top complaints, followed closely by poor app usability and inconsistent food quality (51.9%). Reducing delivery fees through strategic partnerships with restaurants and using dynamic pricing models could help address these issues. Improvements in app usability and ensuring consistent food quality by strengthening partnerships with restaurants would also enhance customer satisfaction and loyalty.

7.5. Desired Features in a New App



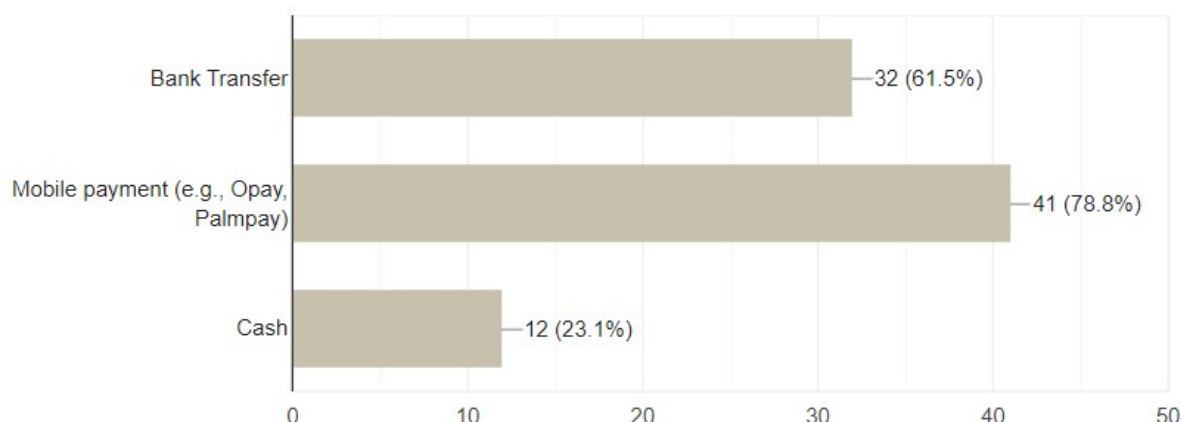
Lower delivery fees (73.1%) and real-time delivery tracking (53.8%) are highly desired features. Integrating these features into a new food delivery app could set a new standard in the industry. Lower fees can be achieved by introducing flat-fee delivery zones or partnering with restaurants for discounts during off-peak hours. Real-time tracking would provide transparency, reducing frustration around uncertain delivery times and creating a more engaging experience.

7.6. Payment Preferences

What payment methods do you prefer? (Select all that apply)



52 responses



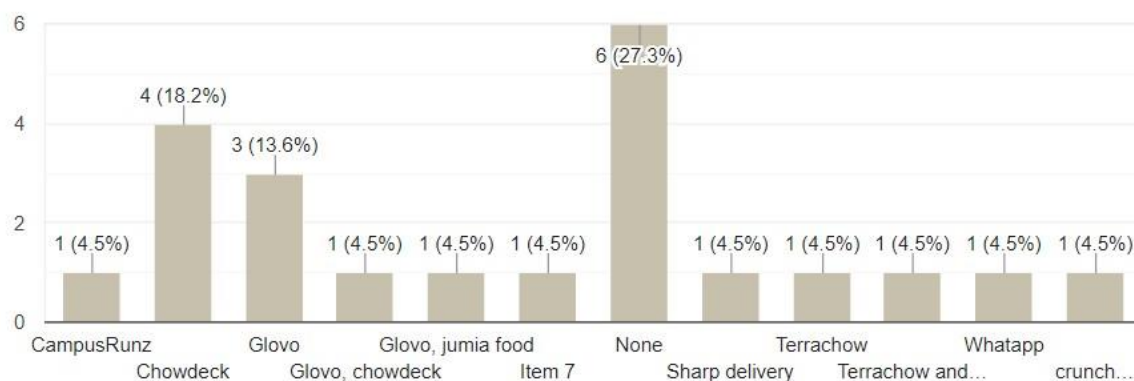
A preference for mobile payments (78.8%) and bank transfers (61.5%) was strongly indicated, while only 23.1% of respondents preferred cash payments. To meet customer expectations and align with cashless trends, an app should seamlessly integrate various digital payment methods, such as mobile wallets, USSD, and QR codes. This would ensure a convenient payment experience and support the trend toward a cashless economy, particularly in urban areas where digital financial adoption is high.

7.7. Current Food Delivery Apps in Use

Which food delivery apps do you currently use? (Select all that apply)



22 responses



With 27.3% of respondents not using any food delivery service, there is a significant untapped market. Targeting non-users with introductory offers,

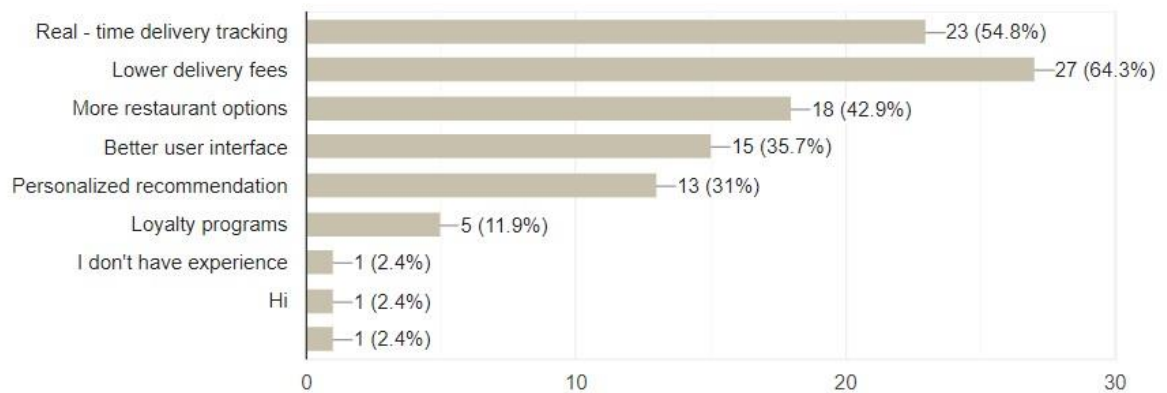
discounts, and community-based promotions could increase adoption. The relatively low market shares of popular apps like Chowdeck (18.2%) and Glovo (13.6%) suggest that no single platform dominates, leaving an opportunity for a new entrant with a differentiated and superior service offering.

7.8. Suggestions for App Improvement

What improvements would you suggest for these apps? (Select all that apply)

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42 responses

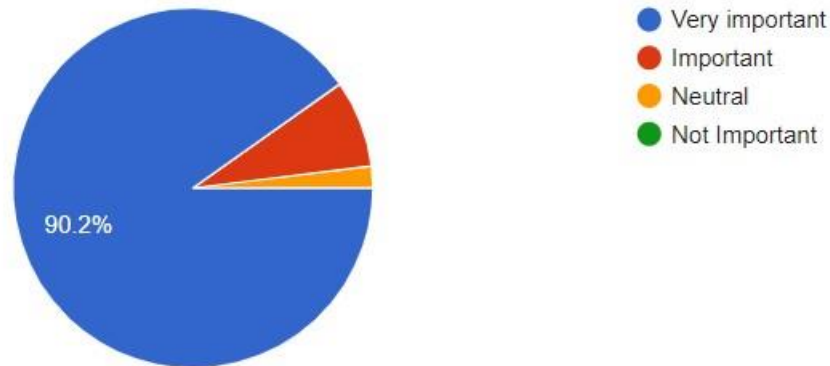


Lower delivery fees (64.3%) and real-time delivery tracking (54.8%) are the most requested improvements. Implementing these changes should be a top priority for future app development. The demand for a wider variety of restaurants (42.9%) and improved user interface (35.7%) indicates that ongoing user experience improvements are essential. Personalization features, such as restaurant recommendations based on past orders, could enhance the user experience and improve retention rates.

7.9. Importance of Customer Service and Additional Comments

How important is customer service in your food delivery experience?

51 responses



An overwhelming 90.2% of respondents rated customer service as very important, indicating that reliable, responsive support could be a significant competitive advantage. Investment in 24/7 customer service options, including live chat, AI-powered chatbots, and phone support, would ensure prompt customer assistance. By prioritizing real-time issue resolution and incorporating customer feedback, businesses can further strengthen customer satisfaction and brand loyalty.

7.10. Additional Comments

Respondents emphasized affordability and a preference for student-friendly services on campuses, presenting a unique market opportunity. Introducing student discounts or subscription models tailored to student budgets could improve market penetration. Partnering with campus eateries and providing exclusive deals would help meet the needs of this price-sensitive, high-engagement segment.

8. Interpretation of Results

The survey data offers valuable insights into the key factors that influence customer behavior and preferences in the food delivery market. This interpretation serves as a roadmap for developing a competitive, customer-centered platform that addresses current gaps in service offerings. Key findings are discussed below:

1. Price Sensitivity and Affordability

High delivery fees emerged as a primary deterrent, with over half of the respondents expressing dissatisfaction. This feedback highlights a price-sensitive market where customers are highly attuned to costs. To address this, businesses should consider several strategic options:

- **Discount Programs:** Offering periodic discounts or delivery fee reductions during non-peak hours could help reduce the perceived cost barrier.
- **Subscription Models:** By implementing a subscription-based model with lower delivery fees for regular users, businesses can encourage more frequent orders, making the service more accessible to budget-conscious customers. This approach could help retain existing customers while attracting new ones, especially in highly competitive markets.

2. Delivery Speed as a Competitive Differentiator

50% of respondents prioritized fast delivery over other factors, indicating that slow delivery times are a major source of dissatisfaction. This suggests that customers equate speedy service with quality and reliability. In response:

- **Enhanced Logistics:** Optimizing delivery routes and improving dispatch times during peak hours can significantly reduce wait times. Implementing predictive analytics to better forecast demand during lunch and dinner peaks would further streamline operations.
- **Flexible Staffing:** Ensuring adequate staffing levels based on predicted demand can prevent bottlenecks and enable quicker deliveries. Together, these strategies position the platform as a leader in efficiency, driving customer loyalty and attracting time-sensitive users.

3. Real-Time Tracking and User-Friendly Interface as Essential Features

The demand for real-time tracking (53.8%) and ease of use (51.9%) indicates that transparency and a smooth user experience are vital to customer satisfaction. Today's customers expect real-time updates and intuitive navigation to enhance their sense of control over the process. Addressing these needs:

- **Real-Time Tracking:** By integrating GPS tracking, the platform can provide transparency that builds trust and alleviates customer anxiety about delivery times.
- **Intuitive User Interface:** The app should focus on simplicity and accessibility, including easy-to-use features, responsive navigation, and minimal clicks required

for ordering. A seamless user experience will encourage repeat use and strengthen customer engagement.

4. Dominance of Mobile Payments and Cashless Transactions

With 78.8% of respondents preferring mobile payments, cashless transactions are now a mainstream expectation. The increasing preference for cashless options underscores the importance of integrating multiple payment channels:

- **Mobile Payment Integration:** Supporting popular Nigerian mobile payment services, such as Opay and Palmpay, would simplify the payment process for users and align with the trend toward digital transactions.
- **Enhanced Security:** Ensuring secure, encrypted transactions will further encourage mobile payments, especially for first-time users concerned with data privacy. By accommodating customer payment preferences, the platform will enhance convenience and position itself as a modern, secure option.

5. Market Opportunity: Addressing Non-Users' Pain Points

The 27.3% of respondents who currently do not use any food delivery service represent a largely untapped audience. This group presents a growth opportunity if their needs are addressed directly. To attract non-users:

- **Education and Promotions:** Promotional campaigns that introduce the convenience and affordability of the service could draw interest from potential users unfamiliar with food delivery platforms.
- **Feature-Based Marketing:** Emphasizing the benefits of tracking, affordable fees, and a simple user interface could appeal to non-users who might be hesitant due to perceptions of high costs or complicated ordering processes.

Summary

Overall, the survey results point to specific strategies for a new food delivery app to succeed in this market. By prioritizing affordability, speed, usability, and mobile payment convenience, the platform can address key areas of dissatisfaction while capturing interest from non-users. This approach aligns directly with customer expectations, creating a differentiated service offering in the competitive food delivery landscape.

9. Recommendations for Improvement

The market research conducted through customer surveys has provided crucial insights into consumer behavior, requirements, and attitudes. This data highlights the importance of targeted strategies for introducing a new product to a new market, as well as fostering customer loyalty and brand awareness. Based on these findings, the following recommendations are made to optimize the platform's offerings and drive growth:

9.1 Dynamic Pricing and Loyalty Programs

- **Dynamic Pricing:** Implement a flexible pricing model that adjusts based on variables such as delivery time, proximity to restaurants, and peak demand. This approach can make the service more accessible during non-peak hours while balancing demand during busier times.
- **Loyalty Programs:** Offering a loyalty program that rewards regular users with discounts, exclusive offers, or points for each order can incentivize repeat use. Building customer loyalty is particularly important for a new market entrant to foster a consistent user base and maintain long-term engagement.

9.2 Improved Delivery Speed and Real-Time Tracking

- **Delivery Speed Optimization:** Improving delivery speed through better logistics planning and partnerships with localized delivery agents is essential, as customers view fast service as a top priority. Using route optimization software and scheduling additional resources during peak hours can help reduce delivery times.
- **Real-Time Tracking:** Real-time tracking gives customers transparency and control, increasing satisfaction and trust. By integrating this feature, the platform can differentiate itself by offering an experience that aligns with customer expectations for modern, transparent service.

9.3 Enhancing App Usability and Customer Service

- **User-Friendly Interface:** Redesigning the app interface to be intuitive, visually appealing, and simple to navigate will reduce barriers to use. Adding features like personalized recommendations based on past orders or preferences can increase engagement and provide a customized experience.
- **Customer Service Excellence:** Since customer service is valued by over 90% of respondents, a responsive, efficient support system is crucial. Integrating live chat support, a comprehensive FAQ, and feedback options can help address issues in real-time, ensuring that customer concerns are resolved promptly and effectively.

9.4 Expanding Restaurant Partnerships

- **Diverse Restaurant Options:** Expanding partnerships with a range of restaurants, especially local eateries, will provide customers with greater choice and help cater to varied preferences. Collaborating with local businesses can also build community support, adding value to the service and fostering a network of mutual growth with local vendors.

9.5 Market Awareness and Brand Promotion

- **Brand Promotion:** Since this is a new product in a new market, awareness campaigns are essential. A strong digital marketing strategy, including social media advertising, search engine marketing, and influencer partnerships, will boost visibility and attract initial users.
- **Customer Education and Awareness:** Launching introductory campaigns that communicate the platform's benefits (such as competitive pricing, speed, and real-time tracking) can encourage initial trials. Highlighting unique features and differentiators through targeted advertising will help establish a presence in the market.
- **Loyalty Challenges:** To address customer loyalty in a competitive market, emphasize consistent quality, reliability, and incentives for returning customers. Developing a brand that resonates with values of quality service and community engagement can also build a lasting relationship with customers.

10. Conclusion

The market research findings provide a detailed understanding of customer behavior, expectations, and pain points within the food delivery market. Customers show strong preferences for low cost of food, affordability, speed, user-friendly technology, and diverse payment options, highlighting areas that are essential for capturing market share and building loyalty in this sector. The insights emphasize the critical role of transparency, convenience, and choice in shaping a positive customer experience.

Addressing high delivery fees, enhancing delivery speed, expanding restaurant partnerships, and improving app usability are identified as strategic priorities. Additionally, promoting brand awareness through targeted digital marketing campaigns and building loyalty through dynamic pricing and rewards will be essential for establishing the platform in a new market and attracting an untapped audience.

Ultimately, these recommendations form a roadmap for a customer-centric food delivery service that meets evolving expectations while differentiating itself from competitors. By continuously adapting to customer needs and leveraging technology for a seamless experience, the platform can drive engagement, foster loyalty, and establish a reputable presence in the food delivery industry.

11. Appendix

11.1 Survey Questions

- **How often do you order food delivery?**
- **What time of day do you typically order food?**
- **What is the most important factor when choosing a food delivery service?**
- **What do you dislike about your current food delivery service? (Select all that apply)**
- **What features would you like to see in a new food delivery app? (Select all that apply)**
- **What payment methods do you prefer? (Select all that apply)**
- **Which food delivery apps do you currently use? (Select all that apply)**
- **What improvements would you suggest for these apps? (Select all that apply)**
- **How important is customer service in your food delivery experience?**
- **Do you have any additional comments?**

11.2 Survey Responses and Detailed Data

The following table summarizes the responses collected in the survey conducted between July 18 and July 20, 2024. It includes data on ordering habits, features for food delivery apps, and customer feedback.

For more detailed responses and a breakdown of the survey data, please refer to the link below:

https://docs.google.com/spreadsheets/d/1JZfM_cN7Wwaky44bg4Rp-yGjG1Q6BZ0k9m2oLnCT-4o/edit?usp=sharing