There are several key challenges for an MNC or the Multi-national Company to expand the business into the international business arena. The key challenges result from the micro factors to macro factors and vary according to each nation. The selected MNC for this essay is Foodpanda expanding its technology and business into Taiwan. The analysis covers four parts including company analysis, host country analysis, foreign entry strategy, MNC and its impacts. The analysis of Foodpanda company includes the company’s short profile and status. The host country analyzes Taiwan’s political economy and sociocultural factors. The key factors affecting the firm’s choice of the country will be explained along with the theory related. For the entry strategy, the company entry strategy used in the selected country will be covered and analyzed which is supported by the academic resources. In the last part, the key international business challenges will be analyzed and the UN Global Compact Principles/Sustainable development Goals that the company needed to align with will be fully explained.

Foodpanda is selected for the analysis for many reasons. Firstly, the food delivery business is the new trend in recent decades. Moreover, the COVID-19 pandemic or the stay-at-home economy during quarantine has encouraged many people to shop online which delivery services capture the spotlight as a daily necessity. The catering industry is also able to adapt to the new normal lifestyle by providing online food delivery service that can save costs associated with a dine in store and on-site service and increase sales at the same time. These highlight food delivery service business under the current on-demand economy due to its platform that could serve both catering businesses and consumers. (Op View Social Watch, 2020) Also, after the Internet has become an essential tool for daily food consumption, online ordering greatly enhanced consumers’ ability to search and compare prices through the service provider’s website or application. (Kitsikoglou et al., 2014) For the online food-ordering business, restaurant and service-provider quality both factors affected the purchase decisions of customers. (Ganapathi, P. and Abu-Shanab, E.A., 2020)

Taiwan is chosen as the country of investment for several reasons. Firstly, the food delivery industry accounted for 5 percent or approximately USD 0.9 billion of its GDP and continues to grow by 5-10 percent each year (Teach news, 2018). Moreover, Foodpanda is the first multinational online food delivery service in Taiwan. According to the survey conducted by Market Intelligence and Consulting Institute (MIC) in the first six months of 2020, the top five most frequently used platforms were Foodpanda (79.6%), Uber Eats (60.8%), Foodomo (8.3%), a self-operated restaurant platform (7.6%) and JIEKOU food delivery (5.3%). In addition, since the first year of entry, Foodpanda has increased 1000-fold (Teach news, 2018)

Foodpanda is an online food delivery and grocery delivery platform from Germany. The customer’s order is directly sent to partner restaurants and delivered to the customers by the riders under the platform that is available through both website and mobile. It was launched in Bangladesh in 2013. The platform is owned by Delivery Hero and Asia’s headquarters is in Singapore. According to Bloomberg, Foodpanda has been operating in 12 markets across Asia and is currently the biggest food-delivery app in Asia excluding China. Angele said in an interview with Bloomberg Television’s David Ingles, Yvonne Man, and Rishaad Salamat that Foodpanda has been growing every year even before the Covid-period (Knag, 2019). Also after the pandemic, people shifted to eat out less often increasing the company’s revenue as well as its expansion into new Asian markets. Not only the business in food delivery but also the dark stores or warehouses to store the goods called Panda Mart in Asian countries.

The company status is related to the theory of globalization centers on the relationship between social organization and territoriality proposed by Waters (1995). There are exchanges in social relationships and material exchanges, localize; political exchanges internationalize, and symbolic exchanges globalize. In this case, there is an exchange in the areas including labor, technology, capital accumulations. As the world’s population experiences a phase of “cultural economy”, the products are the leading actors themselves. The products perform as symbols and become so subordinate to individual taste and choice.

Taiwan customers have been experiencing online food delivery for a while. Two decades ago it was about the traditional Taiwanese bento and then after the entry of American fast-food brands. From the United States business model, McDonald’s, Pizza Hut, and Domino’s were the early business of food delivery in Taiwan. However, the mainly food delivery service had never been in Taiwan before. In 2012, Foodpanda entered Taiwan and has resulted in a strong growth year for several years later. Taiwan’s consumption has increased after the growth and stability in key macroeconomics factors (Chow, 2013). Along with the urbanization and the shift from an agricultural society into the city provides the labor and demand for the foodservice industry. Daily busy workers are having less time to cook for their own meal and choose to order food from their favorite restaurant through food delivery platforms instead. Moreover, the increasing use and advances in technology are the main contributors to online food delivery. Taiwan accounted for 67 percent of the highest proportion of e-commerce shoppers in Asia. Moreover, FamilyMart Taiwan is now partnering with the food delivery platform to launch a delivery service from more than 10,000 vendors and restaurants. In addition, the COVID-19 has fostered the food delivery business with the three times food delivery application registration in Q2 of 2020. Therefore, the wide technology along with the shift in consumer behaviour and economy under the COVID-19 environment has provided several opportunities for the food delivery platforms in this area.

The supporting theory to the case of the Foodpanda investment in Taiwan is explained by the Porter’s Diamond Model. Within the strong competition in Taiwan’s food industry serves as a national competitive advantage. Taiwan’s food industry is evolving to please palates and meet customer demand. According to data from the Ministry of Finance, the number of restaurants in Taiwan has increased over the years from 85135 in 2013 to 116311 in 2018. Moreover, turnover in the local catering sector had been growing for 17 consecutive years as of the end of 2018 (Kang, 2019). The overall number of food outlets has risen for five years in a row – jumping to 142,000 in 2018 from 117,000 in 2014. The rich and high-quality local ingredients plus the creativity and local chef skill have become the factor conditions of the national competitive advantage. The increasing demand for food delivery offers the opportunity for Foodpanda to enter the market. The growing population rate over the years also provides work as riders for the Taiwan workforce.

Foodpanda has entered the Asia region and Taiwan along with technology and operational excellence. It has been spearheading the growth of quick-commerce (q-commerce) across the region with its network of retail partners, as well as Pandamart. Foodpanda has become Asia's leading food and grocery network after it entered Taiwan in 2012 as the first overseas operator to enter the Taiwanese market. Being the first to develop in the market has been a strong advantage to enhance competitiveness for foreign direct investment. It has more than 10,000 partners’ food outlets, ranging from high-class restaurants to street stalls.

The first mover in the market has provided several advantages for the company. A significant and sustained market share will be captured first compared with later entrants. The timing of strategic moves into international markets is significant for the success as a result of the positive advantages accruing to first movers. Since the first mover can form partnerships, attain patents, and build infrastructure which raises barriers to entry for followers. (Sammut-Bonnici and Channon, 2015). However, the company can also lose its position from overpricing or service or lagging technology. According to the study on the Applying Importance-Satisfaction Model to Evaluate Customer Satisfaction: An Empirical Study of Foodpanda by Liu et al (2021), the empirical results found that the user in different demographic sub-groups had heterogeneous attitudes toward Foodpanda services. Food price is another important factor for customer decisions and satisfaction (Vasic et al., 2019) Competitive markets have a vast array of weapons to knock the company down (Kalyanaram and Gurumurthy, 1998). Foodpanda has gained advantages as the pioneer as can be seen from the growth over the years. However, there are some disadvantages including the culture and the nation’s laws and regulations. Taiwanese vendors and restaurants were not tech-savvy back then in 2012, thus, making the payments were more of the cash and credit card. Foodpanda has recently been fined NT$2 million for alleged anticompetitive practices. It had imposed inappropriate restrictions on affiliates restaurants and hunting fair market competition which was a violation of Taiwan’s Fair Trade Act. Moreover, the ministry of labor had conducted on-site labor inspections after the death of a food courier who was in a vehicle collision which later the ministry determined Foodpanda to cover labor insurances and other work benefits. Although Foodpanda mentioned that it has thoroughly researched Taiwan’s labor laws before entering the market and has already restricted its operations adhere to the law.

Key international business challenges include macro factors such as the government laws and regulations to the micro factors like major competitors or the local competitor. UberEATS entered the Taiwan market in 2016 after Foodpanda but has now revealed plans to expand services. These two have been the two major operators in Taiwan for some period. Since both are currently operating 24 hours in several cities across Taiwan. In 2019, the "user rate" and "frequent user rate" for Foodpanda came in at 74% and 43%, respectively, while the corresponding results for Uber Eats were 64% and 32% (K. Robert, 2019). However, Taiwan’s pandemic started in May causing the volume of total spending for both services to reach its peak since May and continue to grow. From the Measurable AI’s unique dataset, in July 2021, the Ubereats uses exceed Foodpanda and remain the biggest market share in Taiwan. Another major competitor is Inline, a local application for restaurants. Inline has recovered from the pandemic by changing its business to online food delivery. Inline previous business helps restaurants smarter by managing tables, reservations, and in-person queues. Thus, with its resources in the software system and previous experience in the restaurant sector, online food delivery is becoming more competitive. However, Foodpanda still maintains its status under high competition by doing different marketing. Foodpanda has different promotions each month, provides cashback on orders, and extended its business hours (9 a.m. to 12 a.m.). In addition, it continues to expand its corporate network to attract more consumers and partners (Liu et al., 2021)

The United Nations Global Compact is a policy for businesses to commit to aligning their activity with ten universally accepted principles. Foodpanda should focus on all areas since the business operation is related to all the principles including human rights, labor, environment, and anti-corruption. The company should highly comply with human rights to both its employees and customers. In the labor principle, the business should align with the principle and labor laws such as providing employees the insurance and suitable wage. For the environment, the business should support the precautionary approach and encourage the development of the environment by providing sustainable eco-friendly programs. Lastly, in the anti-corruption area, the business should work against corruption in all forms especially when involved with the country of investment government.

In conclusion, for a multinational company to be successful there are several key success factors involved. In the case of Foodpanda as the first-mover for food delivery service in the growing food industry in Taiwan, Foodpanda has acquired both the advantages and disadvantages since 2012. Macro factors include the local and global economy, nation’s government, policy, laws, and regulations while the micro factors are not only the business itself but also involved with the competitors, culture, employee loyalty, job satisfaction, and customer satisfaction. Thus, in order to remain the leading food delivery service and its status in the market, the company needs to adapt and continue to improve its service.

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