

INTEGRATING CONSUMER DRIVEN LOGISTICS INTO A THIRD-PARTY DELIVERY PLATFORM

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ABSTRACT

The challenges brought forth by the COVID19 pandemic have led to a surge in consumer-driven logistics. Consumer-driven logistics is defined as an increased capacity for consumers to choose and/or demand when, how, and where their desired products are purchased and delivered (Postnord et al., 2021). Since pandemic regulations (e.g., community quarantine protocols, and social/physical distancing practices) accelerated the shift to digitalization, traditional businesses have faced detrimental effects. This led to them being forced to integrate consumer-driven logistics, in the form of establishing/joining e-commerce platforms and/or personally offering online transactions and door-to-door delivery services to stay afloat (Schneider, 2020).

In this paper, the authors present a strategically designed IT architectural and operational plan mainly to serve two purposes: (1) to allow aspiring business owners to understand how to start, operate, sustain, and expand a third-party delivery platform, and (2) to enlighten investors about the technological and operational processes involved in the business' background and its potential for growth.

INTRODUCTION

Postnord et al. (2021) define consumer-driven logistics as an increased capacity for consumers to choose and/or demand when, how, and where products are purchased and delivered. This is usually made possible by e-commerce platforms (e.g., Amazon, Lazada, Zalora) that are designed to help businesses manage their online marketing, sales, and operations (Silva et al., 2017).

In the Philippines, e-commerce platforms, such as Sulit.com.ph and TipidPC, have existed since the early 2000s (ABS-CBN News, 2013). However, these were not as successful as present-day companies that offer the same services because of many factors.

In the study by Postnord et al., they mentioned some recommended consumer-driven logistics to ensure the consumers' freedom of choice, comprehension, and precision during an online transaction (and consequently promoting their engagement). These are:

- Simplify and clarify the delivery options.
- Offer options: precision, speed, and budget
- Offer the option to choose the delivery location.
- Enable communication and transparency during delivery.
- Allow the delivery to be easily adjusted.
- Create smart return solutions.

Considering the limitations of the internet, website, and application design during the decade 2000-2010, it can be said that earlier services lacked these consumer-driven logistics, e.g., they did not have many options in terms of delivery and payment for the consumers' preference, convenience and/or safety.

On the other hand, more recently established companies, such as Grab, Food Panda, Shopee, and Lazada among many others, have these options which could have contributed to their success

even prior to the pandemic. Having options has become synonymous with convenience for many Filipinos, especially in times of heavy traffic or wanting to experience an array of options without traveling.

Accelerated by the COVID19 pandemic regulations, the food delivery industry alone grew 183% from 2019 to 2020 and have been estimated to reach \$11.9B in Gross Merchandise Value (GMV) with Grab contributing half of the Southeast Asian region's GMV for food deliveries alone (Voon, 2021). In the Philippines, Grab continues to be the top third-party food delivery platform. This is also expected to maintain momentum as businesses and institutions move towards digitalization.

OVERALL STRUCTURE

The overall structure of a successful third-party delivery platform can be simplified into two primary divisions:

1. IT Operations, and
2. Business Operations.

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