

Diversified Business Model of On-Demand Cooking: An Analysis Based on the Business Model Canvas

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With the acceleration of the pace of social life and the emergence of the convenience economy, the requirements for on-demand cooking services have increased due to the increasing demand for food quality and the health concerns associated with takeaway food, as well as the lack of cooking skills. This paper aims to analyze the business model of on-demand cooking service platforms in China with the theory of Business Model Canvas proposed by Alexander Osterwalder. By exploring the advantages and disadvantages of the business model of on-demand door-to-door cooking, the study seeks to provide relevant recommendations.

Keywords: Business Model Canvas, catering service platform, door-to-door economy, on-demand cooking

1. Introduction

With the rapid development and widespread application of Internet, on-demand services have gradually emerged as a new form of economy in China, becoming an integral part of the economy and society, and generating new market opportunities for entrepreneurs in the catering industry, Internet developers, and traditional business personnel. According to statistics, since February 2023, there has been a 40% month-on-month growth in the number of orders for “on-demand economy” related services, with a specific search term for “on-demand cooking” showing a 533% increase (Qiao, 2023, p. 4). In the catering industry, the popularity of food delivery has raised concerns about the non-transparent production process, hygiene, and health risks. More and more people are seeking higher-quality dietary habits while also desiring the familiarity and convenience of home-cooked meals. Therefore, a brand-new on-demand chef model has emerged under the O2O (online-to-offline) framework (Liu, Wu & Cui, 2019, p. 145). On-demand cooking platforms utilize the available resources of home cooks to allow consumers to select their preferred chefs through third-party platforms. The offline chefs then provide on-site cooking services, which cater to the high-value cost-effectiveness needs of consumers who “prefer not to cook” and prioritize “healthy and hygienic diet.” The analysis of the business model of on-demand cooking service platforms is expected to contribute to the development of the domestic on-demand service industry.

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2. Gig Economy and Business Model Canvas

2.1 Gig Economy and Door-to-door Service

Door-to-door economy, also named on-demand economy, refers to a service model in which service personnel or goods are delivered directly to consumers' homes or specified locations through Internet platforms, social media or other channels. This model provides consumers with convenient, personalized, and efficient service experiences while creating more job opportunities and income sources for service providers. According to statistics, there are currently 14,500 on-demand service-related companies in China, covering various fields such as food delivery, housekeeping, nail care, massage, and fresh produce (Huang, 2023, p. 12). Among them, the majority of labor in the on-demand industries belongs to the gig economy, which differs from traditional "nine-to-five" work model. It is a short and flexible working arrangement that offers great flexibility in terms of working hours for flexible workers and gig economy practitioners. The progress and application of Internet technology have also changed the traditional organizational forms of production, liberating people from the constraints of work location and working hours. This new form of employment is characterized by strong flexibility, low entry barriers, and high employment capacity.

It is believed in this paper that the door-to-door economy is a business model that integrates offline idle labor, utilizes third-party platforms, and provides services directly to the demand side at consumers' homes or designated sites, receiving intermediary compensation in return. As for service providers, offering personal skill-based services allows them to earn corresponding rewards. As for the demand side, obtaining short-term labor satisfies their customized needs. In general, this model brings about more part-time job opportunities to service providers while, to some extent, improving people's sense of satisfaction.

2.2 Business Model Canvas

A business model usually describes the fundamental principles of how a company creates, delivers, and captures value, while the canvas is a universal language used to describe, visualize, evaluate, and change business models. In his book entitled *Business Model Generation*, Alexander Osterwalder (2010) divided the business model canvas into nine building blocks: Customer Segments (CS), Value Propositions (VP), Channels (CH), Customer Relationships (CR), Revenue Streams (RS), Key Resources (KR), Key Activities (KA), Key Partnerships (KP), and Cost Structure (CS). This framework serves as a common language for describing and using business models to build new strategic alternatives.

This Business Model Canvas is utilized to analyze China's on-demand cooking services below.

3. Analysis of the On-Demand Cooking Business Model

3.1 Customer Segments

The building block of customer segmentation defines the different groups of people or organizations an enterprise aims to reach and serve (Osterwalder, 2010, p. 26). For the on-demand cooking service platform, its target audience is divided into two categories. One category consists of the service providers, i.e., the practitioners. The platform provides more employment opportunities, especially for stay-at-home moms, domestic workers, and cooking enthusiasts looking for part-time earning opportunities due to their flexibility. The other category includes consumers, mainly targeting economically capable young people and working

professionals in downtown areas. As young people nowadays are more willing to try new things, busy white-collar workers who do not have the time and energy to learn cooking tactics have their alternative. They value improved life quality and health, so they are more likely to socialize home services and are willing to pay for such services. Additionally, the trend of population aging provides an opportunity for on-demand cooking to cater to the needs of children and the elderly who need any or all of the three meals a day.

3.2 Value Propositions

The building block of value propositions describes the bundle of products and services that create value for a specific customer segment (Osterwalder, 2010, p. 28). On-demand cooking platforms provide a service where chefs come to customers' homes to cook. It acts as an intermediary platform connecting chefs with consumers through a labor relationship. The focus of such platforms is on part-time or occasional users such as stay-at-home moms, chefs, and cooking enthusiasts with flexible time, with their main customers being young working professionals who don't have time to cook but seek a certain level of quality and health in their lives. The platforms offers a range of novel, customized, and convenient features, ensuring the food safety of users of on-demand services, improving dietary habits and quality, and facilitating the fast-paced lives of people. The "on-demand cooking" service platforms meet the needs of both the supply and demand sides in the context of the diversified trends in the catering industry, driving social consumption, increasing employment rates, and facilitating social and economic improvement and development.

3.3 Channels

The building block of business channels describes how a company communicates with and reaches its customer segments to deliver a value proposition (Osterwalder, 2010, p. 32). The main channel for on-demand cooking service platforms to reach consumers is through direct channels, utilizing Internet tools such as social media, website links, apps, WeChat mini-programs, etc. The platforms employ a sales team to conduct online sales, allowing consumers to access the platform and place orders. Additionally, the platforms establish strategic partnerships with merchants through indirect channels, enabling two-way flow through mutual collaboration.

3.4 Customer Relationships

The building block of customer relationships describes the types of relationships a company establishes with specific customer segments (Osterwalder, 2010, p. 34). The main types of customer relationships for on-demand cooking are self-service, where clients customize personalized on-demand cooking services through the platform. The platform analyzes the different requirements of customers through big data analysis and provides them with suitable service provider information. In addition to self-service, the user community plays an important role in the customer relationship of the on-demand cooking platform. The platform leverages the user community to establish deeper connections with customers, fostering interaction among community users. Consumers can provide feedback, engage in discussions, and share opinions on chef services through the online community. Service providers can increase their exposure to users, exchange views about cuisines, and gain insight into consumer needs through the community interface.

3.5 Revenue Streams

The block of revenue streams represents the cash a company generates from each customer segment (costs must be subtracted from revenues to create earnings) (Osterwalder, 2010, p. 36). The main revenue source for the

on-demand cooking service platform is economic charging, where it charges a commission for providing intermediary services. Customers choose service providers through the platform, and practitioners gain consumers through this medium. The platform earns a certain degree of intermediary fees through point-to-point matching services. In addition to this, the platform can seek cooperation with well-known companies, advertisers, or food and beverage businesses, charging platform fees or advertising fees and increasing advertising revenue. During low consumption periods on the platform, chefs can generate additional income by offering cooking training, adding value to their skills while increasing platform revenue. The above-mentioned revenue can be based on platform usage and implemented through both fixed and dynamic pricing.

3.6 Key Resources

The section of key resources describes the most important assets required to make a business model work (Osterwalder, 2010, p. 40). For the on-demand cooking service, key resources mainly include four aspects: products, operations, resources, and scale. From a product standpoint, the platform provides on-demand cooking services, and its partner vendors and service providers influence cost control, product quality, and indirectly affect consumers' and users' experience through the speed and efficiency of the cooking services. From an operational perspective, the platform requires human resources to ensure maintenance, technical upgrades, interface design, customer service consultations, online coordination, and offline implementation, influencing the scale of publicity and usage of the platform. From a resource perspective, sufficient cash flow is a fundamental guarantee for rapid market penetration in the short term. As an important outcome indicator, the expansion of the platform scale largely depends on the quality of the on-demand cooking services (products), mature operation (site positioning, chef distribution and skillful cooking, etc.), and abundant resources (enough on-demand chefs and dishes), which helps attract more capital and users.

3.7 Key Activities

The key activities block describes the most important things a company must do to make its business model function (Osterwalder, 2010, p. 42). The on-demand cooking service is primarily a variation of employment in the form of intermediaries, and with labor relationship as the essence. Its business model, with a platform as the core resource, embodies its key activities primarily related to the Internet aspects, including but not limited to platform management, service provision and platform promotion. For consumers, the platform is responsible for providing dish introductions, chef information, location positioning, and finding suitable service providers based on customer needs through big data analysis. For chefs, the platform provides employment opportunities, matching them with suitable service clients based on their abilities, enabling a mutually beneficial selection between service providers and consumers.

3.8 Key Partnerships

The block of key partnerships depicts the network of suppliers and partners that make the business model perform effectively (Osterwalder, 2010, p. 44). Firstly, in terms of ingredient supply, in order to ensure reliable purchasing, the platform establishes supplier relationships with local fresh markets or supermarkets, aiming to ensure transparent and fresh ingredients, reduce risks, and lower costs, thus achieving mutually beneficial outcomes together with other industries. Secondly, the platform can form strategic partnerships with competitors such as home service companies or professional chefs, to enhance the professional level of platform chefs. By

implementing both personalized and high-end dishes, the platform is bound to attract more customers. Additionally, the platform forms strategic alliances with non-competitive entities such as advertisers, providing advertising displays and other services while gaining orders and expanding capabilities.

3.9 Cost Structure

The Cost Structure describes all costs incurred to operate a business model (Osterwalder, 2010, p. 46). The on-demand cooking platform's business model lies between cost-driven and value-driven approaches. Its cost structure includes fixed costs such as salaries and variable costs, interface design, technology upgrades and maintenance, platform marketing and promotion, and the manpower required for management.

4. Pros and Cons of On-Demand Cooking Services

4.1 Advantages

4.1.1 Meeting Personalized Needs

Consumers can make specific demands and preferences for at-home cooking orders, allowing for differentiated and customized services. Online platforms can analyze taste preferences and frequently browsed dietary styles of different consumers through big data, and thus accurately recommend corresponding chefs or cooks. This increases consumer satisfaction and the number of orders to some extent. In addition to everyday dishes, the demand for specialized types such as low-fat meals, postpartum meals, seafood feasts, and large-scale tea breaks is also increasing.

4.1.2 Saving Time

On-demand cooking services allow consumers to enjoy a clean and hygienic hot meal without having to leave their homes or wait in queues. For busy professionals seeking to maintain their quality of life in a fast-paced environment, it saves time. Additionally, it offers a convenient and healthier alternative for households with children or elderly family members who have a three-meal demand.

4.1.3 Transparency and Hygiene

Regarding ingredients, the on-demand cooking platform adopts two modes: consumers preparing their own ingredients or chefs purchasing them. If cooks procure ingredients, they do so from local branded supermarkets or fresh markets in cooperation with the platform, retaining purchase receipts, thereby increasing the credibility of food materials. In terms of dish preparation, the entire process of cuisine, including seasoning, cooking utensils, and techniques used by on-demand chefs, is transparent, enhancing cleanliness and hygiene of food.

4.1.4 Boosting the Digital Economy

On-demand cooking services have achieved effective integration between online platforms and offline services through Internet technology, breaking the geographical limitations and information barriers of traditional industries. The platform can exploit the rapid dissemination characteristics of the Internet and post their advertisements of on-demand cooking on different social networks, accurately targeting specific audiences to increase browse and orders. The maturation of the digital economy and e-commerce provides a business format for purchasing convenience through on-demand cooking services, reflecting the refinement and specialization of division of labor in society.

4.1.5 Increasing Labor Market Supply

On-demand cooking services lower the entry barrier and costs for chefs and cooks, providing flexible and diverse forms of work and income structures. Service providers can take orders based on their available time. This model allows on-demand chefs to showcase their special and skilled dishes, providing more opportunities for cooking enthusiasts, employment for chefs, and reemployment for the unemployed, thus increasing the labor supply in the market and motivating the improvement of cooking skills.

4.2 Disadvantages

4.2.1 Gaps of Legal Oversight

As an emerging service model, on-demand cooking lacks unified standards and regulatory documents regarding qualifications, health certifications, service levels of service providers, i.e., on-demand chefs, and the legal aspects of rights and obligations for both parties involved in the service process, as well as the consequences of liability violations. Due to the low entry barriers and the absence of an established market regulatory system, on-demand cooking personnel and teams in the market vary in quality, making it difficult to form a complete and stable economic model of door-to-door catering. This may lead to regulatory blind spots, difficulties in consumer rights protection, and challenges with evidence gathering and traceability.

4.2.2 Quality and Safety Hazards

For consumers, accepting in-home cooking services from strangers carries risks to personal privacy, personal safety, and property security. Service quality, product quality, creditworthiness, and health factors of on-demand cooking professionals also pose uncertainties, potentially causing significant losses and negative impacts on consumers. For on-demand cooking service providers, if accidents occur while providing services at customers' homes, their own rights and interests are difficult to protect. In addition, most on-demand cooking services listed online are formed by self-organized individuals or scattered teams, lacking professional intermediaries or organizations, operating without formal permits, which may undermines their credibility and customer number.

5. Suggestions

5.1 Improvement of Quality Control

For service providers, platforms should enhance the standardization of on-site cooking services, control the admission criteria for practitioners, provide necessary training and management of service personnel, and regulate the verification process for platform personnel information, professional qualifications and health standards, in order to ensure the supervision by regulatory authorities and legitimate operations (Hu, 2023, p. 18). Additionally, to protect the physical health and labor rights of practitioners, and to enhance the consumer experience, on-demand cooking platforms should establish a credit rating system and a mechanism for handling complaints, ensuring the protection of user information and data security. Furthermore, it is important to improve the channels and mechanisms for resolving disputes between platforms and customers, as well as between service personnel (cooks and chefs) and customers, thus protecting consumer rights and interests.

5.2 Institutionalization and Chain Development

On-site cooking service providers should be encouraged and incentivized to join intermediary companies or Internet service platforms, and individual or scattered online cooking teams should be absorbed into home service platforms, enabling individuals to conduct business activities through platforms as freelancers. Their business operations may progressively expand outward from first and second-tier cities, aiming to establish deeper brand recognition, wider institutional presence, and further chain development (Li & Zhao, 2019, p. 128).

Additionally, intermediary companies or platforms should provide written or electronic agreements to customers, clearly defining the rights and responsibilities of both parties. Encouraging intermediary companies and service platforms to purchase commercial insurance can facilitate compensation from insurance companies in cases of personal or property losses resulting from the provision of on-demand door-to-door cooking services.

Conclusion

It is believed in this paper that on-site cooking service offers convenience, personalization, and health assurance. With the continuous advancement of Internet technology, catering platforms have not only expanded the scope of digital economic development, but also created more part-time jobs. However, while opportunities exist, there are also challenges such as intense industrial competition, inadequate legal regulation, and varying service qualities.

The core of the business model for on-site cooking services is to provide users with convenient, healthy, and personalized dining experiences. In terms of operations, it should—guided by refined management—prioritize quality and reputation, protect the legitimate rights and interests of practitioners and consumers, and rely on a comprehensive supply chain and an online-offline resource exchange system to expand the market, equipping door-to-door cooking services with a competitive advantage in the catering industry.

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