

For online food delivery, researcher explores how the three-sided relationship affects pricing and service

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Amid rising demand for convenience and bolstered by the pandemic, online food delivery platforms like DoorDash and UberEats have

become key players in the dining scene. As these three-way relationships—connecting consumers, restaurants and gig drivers—have grown, a new study co-authored by a Virginia Commonwealth University researcher is shedding light on how pricing, service quality and the relationships themselves are evolving in the OFD universe.

"These platforms aren't just balancing consumer needs with restaurant demands. They're also navigating the complexities of working with gig drivers," said Yeongin Kim, Ph.D., assistant professor in the VCU Business School and co-author of "[Dinner at Your Doorstep: Service Innovation Via the Gig Economy on Food Delivery Platforms](#)," published in *Information Systems Research*.

Kim noted that consumer preferences and gig labor policies are among the factors that can influence decisions made by OFD platforms. "So, when making choices or setting expectations, consider this intricate three-way relationship—it might just change how you approach or understand the OFD industry," he said.

In the study, the authors reviewed OFD platforms' optimal choices in a competitive setting based on price and service quality. Unlike in traditional buyer-seller markets, they found that the three-sided nature of the OFD relationships may either soften or intensify price competition. And amid the competing OFD platforms, gig labor could create a so-called "prisoner's dilemma" situation, in which entities that could benefit from cooperating (or suffer from not doing so) find it challenging to coordinate activities.

The authors also found that while minimum-wage regulations may benefit gig drivers, they might need to be balanced against larger societal needs related to food delivery, accessibility and restaurant stability.

This [research](#) builds on previous studies of two-sided platforms, but it

introduces pioneering insights into the complexities of three-sided OFD platforms. While the concept of multisided platforms isn't entirely new, the specific dynamics involving consumers, restaurants and gig drivers in OFD markets are a relatively unexplored area.

"Our study aims to bridge this gap and provide a deeper understanding of how this three-sidedness affects pricing and service quality in such markets," Kim said.

"Our study sheds light on the decision-making processes these platforms employ regarding pricing, service quality and their relationships with both restaurants and drivers. By understanding these dynamics, OFD platforms can optimize their growth strategies and service quality. Furthermore, the insights derived from this research can inform more effective industry policies."

Co-authors include Geng Sun, Ph.D., of the University of Texas Rio Grande Valley; Yinliang "Ricky" Tan, Ph.D., of the University of Houston; and Geoffrey G. Parker, Ph.D., of Dartmouth College.

More information: Geng Sun et al, Dinner at Your Doorstep: Service Innovation via the Gig Economy on Food Delivery Platforms, *Information Systems Research* (2023). [DOI: 10.1287/isre.2022.0119](https://doi.org/10.1287/isre.2022.0119)

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