

BOOH FOOD (B): THE EVOLUTION¹

The COVID-19 pandemic had devastating consequences in Spain: images of deserted streets, horrifying daily death tolls, suspension of non-essential activities, etc. The "Stay at Home" slogan became a part of the Spanish people's lives as the difficult situation called for extreme measures, including a nationwide lockdown. After several very hard weeks, the advance of the pandemic was halted, and there was some, albeit uneven, stabilization in Spain. The government established a plan to gradually ease down restrictions and reach what was called the "new normal."

Málaga had entered phase 3 of the ease-down plan only a few days before, on June 8th. Restaurants and bars were allowed to open at 50% capacity, but the situation was far from that of any given month of June considering the absence of tourists and the new habit of spending more time at home.

Home delivery had not been limited in any stage or phase of the state of alarm, which had led many restaurants to offer this service as a survival strategy. This trend had resulted in a sharp increase² in registrations on delivery platforms such as Glovo and Just Eat³, which had seized the opportunity waiving in many cases the entry fee for new restaurants.

As a result, restaurant orders on the leading platforms had experienced a 40-50% increase compared to the pre-COVID scenario, with a substantial increase in the average ticket amount.

Visits to apps had also increased significantly (65% at lunchtime and 48% in the evening)⁴ and reflected a change in consumption times. The delivery business, and the

¹ This is a case of the Research Division of San Telmo Business School, Spain. It has been written by professor Marisa Martínez Jiménez in collaboration with research assistant Alfonso Abad Briales, and is intended as a basis for class discussion only and not to illustrate any judgment on the effective or ineffective management of a specific situation.

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² The waiting period for new restaurant registrations on platforms had dropped from 14 to 7 days.

³ <https://www.hosteleriadigital.es/2020/04/15/los-restaurantes-mantienen-el-negocio-durante-el-confinamiento-gracias-al-servicio-a-domicilio/>

⁴ Source: Just Eat.

figure of the delivery person in particular, had raised much sympathy and appreciation, as they had continued to operate even on the most difficult days.

Despite not having an app like the big platforms, Booh had never stopped operating. COVID-19 had only accelerated a growth that was expected. In April specifically, the company had registered a 59% increase in monthly sales.

Daniel, Tomás, and Angelo were working flat out on day-to-day operations. They were aware that the situation had provided them with an excellent showcase opportunity and wanted to do well. Although the increase they saw in the number and average amount of tickets could not yet be classified as a change in consumer habits, it was a good start, and they wanted to take advantage of it. But, how to do that? Were the assumptions on which they based their proposition still valid? Were they missing out on something?

OPPORTUNITY: RATHER A NECESSITY THAN A POSSIBILITY

Traditional restaurants had been forced to choose between two options: close or become a store. Without the delivery aspect, the store option (take-away) was hardly profitable, due to lockdowns and travel restrictions. Organizing an independent delivery service was also complex and costly.

This was the reason for the boom of delivery platforms, which was not without its problems. Delivery times were very long, reaching up to 90 minutes, and riders were very inconsistent.

On the other hand, being a good restaurant did not necessarily mean offering a good delivery service, which required a specific type of dish (that could withstand transportation), preparation time, packaging, etc., all of which was unknown territory to traditional restaurants. Renowned restaurants, in particular, were hesitant about taking the leap to delivery for fear of damaging their brands and reputation.

This is where Booh thought it could contribute to the business as a key player in reinventing the value proposition of the restaurant industry in Málaga. Booh had gathered the necessary knowledge in its ghost kitchens about types of dishes and processes for delivery and take-away and could use this experience to help traditional restaurants adapt their conventional menus.

Booh's systems also allowed the company to take and manage orders regardless of the location of the kitchen where it was processed. Since riders could provide their geolocation, traffic managers could send them to any pick-up point. Booh's focus on providing a quality delivery service also fitted well in the proposition of high-end restaurants. The only thing consumers did not enjoy in this case was the possibility of placing multi-orders, which was reserved for Booh-hosted restaurants.

Before the pandemic, Daniel, Angelo, and Tomás had already considered the possibility of including external restaurants in the organization, although not in the first phase, so as not to make the system more complex. However, the opportunity had come their way, and this could be a perfect complement to the business they had developed. Having said that, they could not afford to fail. This was an important step as they may have to revisit some of Booh's primitive decisions to enable this growth, always without risking quality and seeking business profitability.

At the end of March, the partners reached an agreement with El Pimpi⁵ and La Sole⁶. El Pimpi was an icon in Malaga and the newer La Sole, was also remarkably celebrated. The popularity and quality of their dishes fitted in with Booh's principles. All that remained was to define the operations to polish the "door to door." They had a good ally for that: technology. It was not for nothing that the digital factor had been part of Booh's core strategy from the start.

BOOH CLOUD

Booh Cloud became the perfect link to quickly integrate any restaurant into any existing multichannel delivery platform on the market (delivery, telephone, and take-away) and provide total order management (Exhibit 1).

This added to everything Booh already was in terms of customized packaging, delivery times, and incident management made Booh Cloud a differential and key piece in the company's growth strategy.

Booh Cloud's services included: registration on all leading platforms⁷, call center⁸ for order reception and incident management, premium delivery⁹, advice in the process of adjusting menus to the delivery segment while guaranteeing quality, automated payment, real-time tracking, larger delivery radius than existing platforms (from 3.5 to 5.5 km or roughly from 2 to 3 miles), with a maximum delivery time of 45 minutes and delivery fees two points lower than other platforms. Moreover, the company had prioritized the launch of the Booh app! The release of the first version of the app was scheduled for June.

Another of Booh's differentiating elements was how easily and quickly the system could be implemented. Daniel explained the process.

"We basically arrive at a restaurant, connect their system (tablet, printers) with our system via VPN and, if they already have a contract, say with

⁵ <https://www.elpimpi.com/>.

⁶ <http://www.lasoledelpimpi.es/>.

⁷ Uber Eats, Just Eat, Glovo, and Deliveroo.

⁸ They had hired 4 additional people to take in orders and help people place make their purchases.

⁹ Premium delivery included: delivery driver uniformity, packaging, product quality and door-to-door delivery in 45' maximum.