

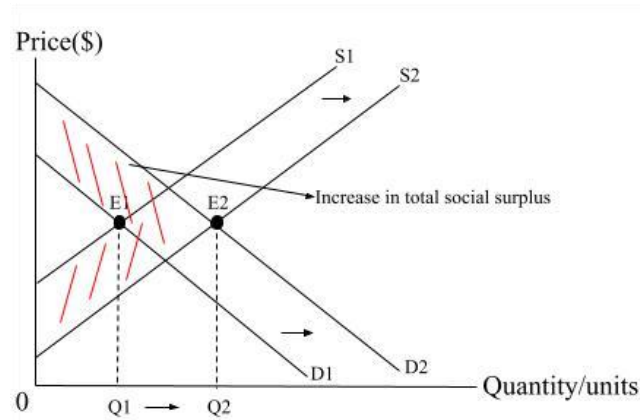
Economic in Our Life: Hong Kong's Food Delivery Market

Have you ever heard about Foodpanda and Deliveroo? The answer must be yes. In recent years, on account of the pandemic, more and more people have started using food delivery apps. However, this food delivery market is full of economics. Let's unveil it as follows:

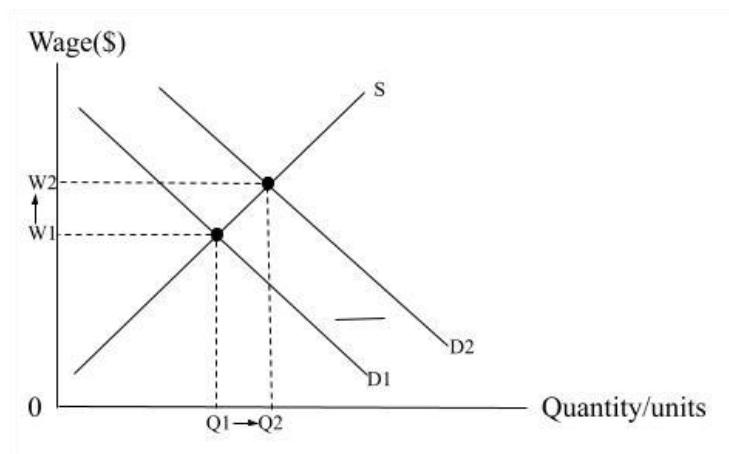
To begin with, Hong Kong's food delivery market is oligopoly as there are two dominant sellers (i.e. Foodpanda and Deliveroo). That means there are some entry barriers and imperfect information in the market. Also, being price-searchers, it leads to a high minimum amount of consumption and delivery fee as they can set the price themselves freely.

Then, have you ever heard MeiTuan before? It is the major food delivery platform on the mainland. As you may know, it is prepared to provide services to Hong Kong through its sub-platform called KeeTa. This is a form of internal lateral expansion since it develops its new business, which provides similar but not competitive services in different regions.

Expanding its own structure, MeiTuan can enjoy economies of scale so as to lower its average cost and promote its reputation. Thanks to the lateral expansion, MeiTuan can take advantage of risk diversification.



After KeeTa entering Hong Kong market, the users of food delivery platforms will increase. As the number of producers increases, supply will increase. Due to the pandemic, more people prefer to deliver the food instead of eating outside so as to prevent infection. This is the reason why demand increases. With these effects, the quantity transacted in delivery market will be raised. Also, both the consumer and producer surplus will be enlarged so as to enrich the total social surplus of the food delivery market, leading the market to attain higher efficiency.



Moreover, in the labour market, the wage level of deliverymen will increase. As the supply of food delivery platforms increases, the demand for deliverymen in the labour market increases. As a result, the wage level of the deliverymen will skyrocket.

Nevertheless, as we know, the wage of the deliverymen is accumulated based on their number of orders. It is a type of pay by piece rate. For the employees themselves, despite the fact that it is possible for them to earn a higher income, it is quite unstable. To the employer, a piece rate can help boost workers' working incentives and productivity while lowering the cost of monitoring their performance. However beneficial the piece rate is, it still has its demerits, that it will still make the cost of maintaining the output quality higher.

Last but not least, as a worker on the food delivery platforms, full opportunity costs will occur. Not only can you choose to become a foot soldier, but you can also choose to be a rider. Should you choose to become a foot soldier, the full opportunity cost is the money cost of buying sunscreen and the time cost of delivering the food due to the lower speed. Should you choose to be a rider, the full opportunity cost is the cost of purchasing a motorcycle and the implicit cost of being injured due to traffic accidents.

In conclusion, economics is hidden in every aspect of our lives. For instance, a lot of economic knowledge has stayed behind the food delivery market in different ways. Let's work hand in hand so as to dig up the economics in our lives.

(Word count: 568)