

# A FEASIBILITY STUDY ON KAMAYO DELIVERY AT POBLACION, CATEEL, DAVAO ORIENTAL

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## 1. INTRODUCTION

Online food delivery plays a huge role in customer experience and satisfaction through many factors such as food availability, rating by other customers, payment mode, and human interaction (Kwong & Shiun-Yi, 2017). To gain maximum customer satisfaction, service providers need to focus on the quality of service, and the ultimate goal of food delivery services should be maximum customer satisfaction and not only profit (Nicolaidis, 2008; Andaleeb & Conway, 2006).

While living in a dynamic world, sometimes people find it challenging to manage simple tasks like buying food or cooking dinner. Fortunately, consumers can now solve these tasks with a few taps on their mobile phones. Smartphones have become their tool to obtain everything they want at their doorstep because of on-demand services. Indeed, digital technology is reshaping the delivery market (Hirschberg et al., 2016).

Amid the pandemic, the demand for online food delivery service sales is challenging. Online food delivery service orders in China surged 20 percent during January alone; firms such as Doordash have even started reducing or eliminating their fees in response to the surge beginning in the United States (Keshner, 2020). It is expected that consumers will continue to increase their usage of online food delivery services so long as there are stay-at-home orders and sit-down restaurants remain closed, although this likely will not completely replace pre-pandemic restaurant spending. Understanding consumer behavior related to online food delivery services is essential in this rapidly changing environment. Online food delivery is expanding swiftly, and it operates in a dynamic environment that is complex and characterized by regulatory changes, increasing environmental activism, societal trends, technological advancements, and a changing legal system (Henry, 2018).

In Camarines Norte, only a few online food delivery services were actively operating even before the COVID-19 outbreak. The first delivery service, the Kamayo Delivery Express, offered services mainly focusing on food delivery and running other errands for customers. However, when the population grows, and the local internet meal delivery companies as the demand for these services rises (Abasolo, 2021).

Based on the list obtained from the Business Permit and Licensing Office in Cateel, there is no registered courier service in the locality. Therefore, the proponents decided to propose this type of business.

### 1.1 Objectives

This study aims to determine the Feasibility of Kamayo Delivery in Cateel, Davao Oriental. Specifically, it aims to:

1. Determine the target market
2. Determine the strategic location
3. Conduct the market survey
4. Identify promotional strategies
5. Identify distribution channel
6. Identify personnel requirements
7. Formulate business model
8. Determine capital requirements of the business

9. Project financial statements
10. Compute financial ratios (ROI Payback Period, ROA, Net Profit Margin)
11. Draw conclusion and recommendation

### 1.2 Services

The business will offer a delivery service mainly for food, which all the residents of Cateel can order through a Facebook page name Kamayo Delivery with the tagline "*sugo mo, paliton ko.*" This business will benefit those who are busy enough and ask delivery men to save time. This business will also benefit food businesses that limit their scope due to unavailable delivery services. In addition, kamayo delivery will use radio advertising, tarpaulins, and signage to promote the business and converse information as an effective advertisement inside Cateel. The mode of payment for the service will be through GCash and Cash on Delivery; the businesses will also consider partial payment, whether through GCash or Cash on Delivery, to avoid cancellation of orders.

### 1.3 Technology

Technology plays a crucial role in food delivery services using smartphones. The app that can be used is Facebook by finding the Facebook page name Kamayo Delivery. Clicking the Facebook page will automatically assist consumers in itemizing their orders. Because of technology, there is growing potential in the food delivery industry, excellent opportunities are arising, and challenges are appearing. Furthermore, a motorcycle will deliver the food and thermal bag to carry the order for safety. The business will also provide a contact number as an alternative way if there is a Facebook glitch or a messenger glitch. When no signal and no electricity will coincide, the transaction will stop.

Table -1: Equipment and Function

### 1.4 Intended Market

Residents of Poblacion, Cateel, Davao Oriental, and the nearby Barangays such as Santa Felomina, San Rafael, and Barangay Mainit who prefer home delivery of food, including busy people could be the target of this business are the business' intended market. Since this is the first food home delivery present in Cateel, some individuals will choose this rather than cooking and going out from home. The business will maximize sales through the vast population of Poblacion and nearby barangays.

### 1.5 Environment

In a place where the majority of the crowds are present, at Poblacion, Cateel, Davao Oriental, the business will be located. The typical target is the vast population and the food supplier, and since Poblacion is the only place where most people live, the connectivity and distance will help reach out to the business and provide them with their pleasures. Upon building the business, get a permit from the barangay, a business permit, a Mayor's Permit, and a Department of Trade Industry permit.

### 1.6 Competition

Kamayo Delivery has no direct competitor but has an indirect competitor inside Cateel, Davao Oriental,

EQUIPMENT	FUNCTION
Thermal Bag	A thermal bag is a tool used to carry out the food that will be delivered.
Motorcycle	The motorcycle is a two-wheeled vehicle that will be used to deliver the order.
Laptop	A laptop is a tool that will be used to accommodate customer orders.

since some of the food business has their food delivery as per the request of the customer. Kamayo Delivery will be the first courier service for food in the municipality.

### 1.7 Industry

"Online Food Delivery Services Global Market Report 2020-30" shows that the global online food delivery services market is expected to grow from 111.32 billion in 2020 at a growth rate of 3.61% (Eye, 2022). However, 2020's growth slump is mainly due to the economic slowdown across countries owing to the pandemic outbreak and the measures to contain it. The market is expected to grow and reach 154.34 billion in 2023, 11.51% (Rajko et al., 2016).

In addition, the food delivery market in the US is mainly driven by a hectic work schedule and high-income levels of professionals who need more time to prepare their meals at home. As per Statista, the online food delivery

segment's revenue is projected to reach 28.48 billion in 2021 with an annual growth rate of 4.3%. At a global level, China will generate almost USD 56.93 billion in revenue, almost double that of the USA (Hirschberg et al., 2016).

The food delivery business in the Philippines has grown, amounting to 1.2 billion in gross merchandise value at the end of 2020, with the overall food delivery sector across Southeast Asia enjoying an exponential 183 percent growth in 2020, according to Legaspi (2021). A report by the venture-capital builder Momentum Works showed that food delivery reached 11.9 billion in 2020. This far exceeds the 4.2 billion industry estimate 2019 and the 2.2 billion tally in 2018.

Moreover, Davao City is under community quarantine owing to the coronavirus pandemic; several delivery businesses noticed an increase in their bookings of nearly 50% (Gumba, 2020). The Kamayo Delivery will offer the same service as other food delivery in Cateel, Davao Oriental, since this industry is progressive.

### 1.8 Business Model

Kamayo Delivery will establish a good relationship between riders and customers. The main goal of the business is to ensure adequate universal and competitive courier services through setting and enforcing service standards and promoting policies that will enhance innovation, efficiency, and accountability in service delivery. A vibrant courier sector where innovative and customer-focused providers drive value for money and expand customer choice.

The business will provide excellent customer services that enhance customer rapport through responsiveness to needs and requests. Furthermore, Kamayo Delivery will establish high-quality jobs for target food service employees, including good wages and benefits, career advancement opportunities, access to training and capacity building, participation in decision-making, and opportunities for ownership.



Fig-1: Conceptual Framework of kamayo delivery pursuit

## 2. MARKETING AND SALES STRATEGY

The Facebook page will be a tool to promote the business as it is accessible to anyone with a Facebook account, and friends can share the business.

### 2.1 Services

Kamayo Delivery offers a service that will benefit those who do not have time to cook. According to Tan et al. (2021), in today's fast-paced world, where customers' busy schedules are in short supply, time-saving orientation has become a critical factor in easing daily tasks while fully utilizing time. Many office workers needed help to afford the time and trouble of going out to eat, including driving and queuing up to place orders. Thus, using Online Food Delivery Service is the quickest way to get food, and the time saved can be used to complete other tasks. The result of the market survey will be the basis for the service to offer.

### 2.2 Price

The exact price of the service were Php100.00 for every 500-1,000, Php150 for 1,001-1,500 and Php200 for 1,501-2,000 amount of orders.

### 2.3 Place

Kamayo Delivery will situate in the most strategic location, within reach of customers and food providers. Kamayo Delivery will be located beside Unisex in Poblacion, Cateel, Davao Oriental, which is the most commercial location; the business will prefer to be in Poblacion since a vast population is in this place. Providing service to an attainable place for both sides is easier and quicker.



Fig-2: Business Location

### 2.4 Promotion

Kamayo Delivery ought to offer convenient life to an individual who chooses the service. Amid a pandemic, the most common approach that provides an effective advertisement is through social media, specifically Facebook; it helps to disseminate information quickly and promote. It helps a business to be easily known by society. The business will have customized shirts or outfits to be recognized in orange. In addition, kamayo delivery will use radio advertising, tarpaulins, and signage to promote the business and converse information as an effective advertisement inside Cateel.



Fig-3: Business Logo

## 3. PRODUCTION AND OPERATION REQUIREMENTS

Service delivery is the part of an organization that deals with the actual provisioning of the service to a customer. It pertains to the operational and business activities involved in providing a service to a customer. Kamayo delivery is concerned with handing over the orders from the food provider to the customer. The company will provide the service inside the Cateel, Davao Oriental. The operation requirements of Kamayo Delivery will serve as business permits, Barangay clearance, and sanitation permits.

### 3.1 Management and Personnel Requirements

The company must always have qualifications to operate a business successfully. Human resource manager/manager is in charge of determining whether or not an applicant is qualified for a position. The initial concern of the business is to select and hire an applicant who meets the company's standards.

Table 2. Personnel, Qualification, and Responsibilities

<b>Personnel</b>	<b>Qualification</b>	<b>Responsibilities</b>
Human Resource Manager / Manager	<ul style="list-style-type: none"> <li>• Must be a college graduate in business-related courses.</li> <li>• Work experience in a managerial position is an advantage.</li> <li>• Good analytical skills and managerial skills.</li> <li>• Must be at least 25 years old.</li> <li>• Must be a degree holder in human resource management.</li> <li>• Work experience in the field.</li> <li>• Must have at least 1-2 years' experience in Human Resource Management.</li> </ul>	<ul style="list-style-type: none"> <li>• Greeting customers with a great attitude.</li> <li>• Operating cash register quickly.</li> <li>• Organizing and Managing its' workforce.</li> <li>• Ability to assess applicant's response.</li> <li>• Enforce code of ethics.</li> <li>• Regulate and organize the business.</li> </ul>
Cashier	<ul style="list-style-type: none"> <li>• Must have basic math and computer skills</li> <li>• Must have experience as a cashier is desirable.</li> <li>• Customer service experience desirable.</li> <li>• Ability to handle a high volume of transactions</li> <li>• Polite and courteous.</li> <li>• Strong communication skills.</li> <li>• Experience as a cashier is desirable.</li> <li>• Customer service experience is desirable.</li> <li>• Ability to handle a high volume of transactions.</li> <li>• Polite and courteous.</li> <li>• Strong communication skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Managing transactions with customers using cash registers.</li> <li>• Collecting payments, whether in cash or credit.</li> <li>• Issue receipts, refunds, changes, or tickets.</li> <li>• Resolve customer complaints, guide them, and provide relevant information.</li> <li>• Greet customers when entering or leaving the store.</li> <li>• Track transactions on balance sheets and report any discrepancies.</li> <li>• Maintain clean and tidy checkout areas.</li> <li>• Track transactions on balance sheets and report any discrepancies.</li> </ul>
Riders	<ul style="list-style-type: none"> <li>• Must have a valid driver's license.</li> <li>• Must be at least 18 years old and above.</li> <li>• Must be at least a senior high school graduate.</li> <li>• Can able to manage or handle troubles or problems with customers.</li> </ul>	<ul style="list-style-type: none"> <li>• To take care of and deliver the order.</li> <li>• Perform some specialized tasks that may require on-the-job training.</li> <li>• Effectively using heavy and light equipment to deliver orders.</li> </ul>

Table 2 shows the personnel requirements, qualifications, and responsibilities.

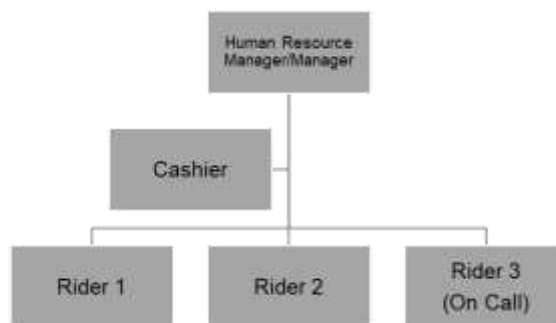


Fig-4: Organizational Structure

Figure 1 shows the organizational structure of the proposed business.

**3.2 Regulations/Environmental Issues**

Kamayo Delivery riders should not place objects like food packaging and delivery bags on the ground. Food goods should be delivered immediately after the package is examined and sealed. The customer should receive their delivery in up to two hours. Customers should inspect the food items once they receive them to confirm quality. Sanitaryo ng Cateel tests foods to determine if it is qualified to serve food businesses. The pandemic is a crucial factor that might affect the food delivery industry, just like the implementation of lockdown which may cause less interaction.

**3.3 Critical Factors**

**SWOT Analysis.** A SWOT analysis is a straightforward yet powerful tool to help develop your business strategy, whether building a start-up or guiding an existing company (Parsons, 2021). In addition, strengths and weaknesses are practical internal factors for the company that can control and change its aspects and improves general performance. Opportunities and threats are external factors that can empower things outside the company within the more minor or more extensive market. It takes advantage of opportunities and protects against threats, but it cannot be taken for granted.

Table 3 shows the SWOT Analysis of Kamayo Delivery. It discusses food delivery services' strengths, weaknesses, opportunities, and threats.

Table 3. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Low delivery fee</li> <li>• Excellent customer services</li> <li>• Facility and Location</li> <li>• Robust delivery system and experienced staff.</li> <li>• Provide a friendly way to order: Online web and business contact establishment.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited capital</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• No Direct Competitor.</li> <li>• Fast-paced food businesses.</li> <li>• Pandemic</li> </ul>	<ul style="list-style-type: none"> <li>• Bad weather</li> <li>• The high price of gasoline</li> <li>• Internet connectivity</li> <li>• Power interruption</li> <li>• Accidents</li> </ul>

**Strengths.** Low delivery price is one of the strengths of Kamayo Delivery since this is within the control of the business. The lesser the delivery charge, the more customer patronizes the service delivery. Excellent customer service will also be a strength good communication and relationship with the customer significantly impact business sales. Facility and location, the location is in a strategic place a robust delivery system and experienced staff will encourage customers to choose the service. Provide a friendly way to order online web and business contact establishment that offers convenient life to the customer.

**Weaknesses.** Limited capital is the weakness of the business due to insufficient money to undergo the service delivery, and it is a new venture.

**Opportunity.** No direct competitor is one of the opportunities for Kamayo Delivery because this opportunity could make the business penetrate the entire market in Cateel, Davao Oriental. The increasing number

of fast-paced food businesses is an opportunity for Kamayo Delivery because it increases the variety of foods the customer can choose, which benefits the delivery service. The last opportunity for the business is the pandemic people are anxious to go outside to buy food because of this infectious virus thus, delivery service will be opted for by some individuals.

**Threats.** Stormy weather will be the business's first concern since this type of business requires going from one place to another to deliver the food. The high price of gasoline is a threat to a business because the core expense to be incurred in this line of business is fuel. Thus, the increase in price increases the cost on the part of the business. The signal needs to be more consistent as the business wants it to be internet connectivity will hinder the customer from ordering and calling of Kamayo Delivery service. Power interruption, electric current is the source of power for gadgets. A power interruption will affect the business since Kamayo Delivery uses an online platform. The business needs to travel from one place to another. An accident is unpredictable and inevitable, threatening the business due to emergency expenses such as hospital bills.

### 3.4 Porter's Five Forces

Porter's Five Forces are the most effective method to understand competitive forces and stay ahead of the competition (Kucheriya et al., 2021). According to Cunnah (2020), Porter's Five Forces Model is an effective business analysis tool to determine whether a strategy can be profitable in a company's competitive environment. When carried out correctly, with the right tools, the Five Forces Analysis can provide invaluable insight into your business's competition and how much power you hold in the market so that you can adjust your strategy for success.

**Competitive Rivalry.** Low. Kamayo Delivery has no present direct competitor in Cateel, Davao Oriental. However, the business has a higher opportunity to grow and give a service to the best of its ability.

**Supplier Bargaining Power.** High. The switching cost of the suppliers in this industry is high. They must set up their Facebook page and legal expenses to start the business. On the other hand, they do not need any investment in the delivery channels. Instead, they collect their commission from the market. For switching costs, suppliers' bargaining power is high in the industry.

**Customer Bargaining Power.** High. In this industry, there is no switching cost for the customer. To switch the company, customers need to open their Facebook account and browse on our Facebook page Kamayo delivery without any charge, and you can use it. In this case, the customer has a low level of bargaining cost.

**Threat of Substitutes.** Low. There is no courier service within this industry here in Cateel, Davao Oriental. Kamayo Delivery will try to give promotional offers, just as 2 orders will be less than 10 pesos in every delivery charge.

**Threat of New Entrants.** Medium. Economies of scale become a significant threat for the new entrants to this industry. The cost associated with Facebook will not overly affect the cost. On the other hand, the new entrant will take time to build a reputation in the market to gain the customer's trust, but it is not so difficult for the new entrants since this is the first food delivery in Cateel, Davao Oriental.

### 3.5 PEST Analysis

PEST analysis is a widely used strategic planning and management tool. It is an acronym for political, economic, social, technological, environmental, and legal factors that shape the macro business environment. It is a method of assessing the business environment and its possible impact on the company's performance. Each of these could significantly impact the company and have various effects.

**Political.** The political factors influencing internet meal delivery businesses may change. All regulations must be followed by Kamayo Delivery in order to protect its clients and staff. Wages, hygiene, food quality, and delivery procedures are rules and laws that should be followed. The government should concentrate on putting pressure on food delivery firms to change their menus to include healthier options because this is the political issue that has the most impact on the food business. Any citizen may work for an organization since Kamayo Delivery complies with the labor law, which states that a person must be at least 18 years old to use this accessible platform. If the individual is under 18, they must get permission from their parents or legal guardians, who, by accepting these conditions, agree to be liable for their actions and any costs incurred due to their usage of the platform and purchases of goods. These platforms must be halted immediately so kids cannot use them unattended.

**Economic.** Economic factors such as wages and interest rates will affect the delivery service. Wages are an onset concern of employees; they will lose interest in serving when the wage will not meet their expectations. Nevertheless, Kamayo Delivery will ascertain to compensate employees following the agreement of wages.

**Social.** The food delivery services are excellent for someone who has a very tight schedule and does not have time to cook, for someone who does not want to hassle themselves, and for someone who does not feel like

eating outside. Regardless, the customer's daily lifestyle affects this kind of business such as; cancellation of orders, some customers are still deciding what they want, they do not intend to do it, but some people are like that. This attitude could waste the time of the business's personnel, who are Conscious about healthy living. Some people are cautious about what they eat. Their food should have fewer additives and not be put in plastic bags. This type of person is less likely to order online, and if they did, they would indeed have many demands and unclear orders. This could create a better understanding between the customer and the service provider. Some people need to improve at giving directions or what they want in their foods which could lead to service providers making a mistake and sending out the wrong order. Customers will blame the service provider for this one.

**Technology.** Technology Food delivery services skyrocketed amid the pandemic as everyone could not go outside. Thus, entrepreneurs think of a business that would click during the plague. Indeed, this line of business is a success for this offers helpful services to everyone. However, it was challenged because of the technology. Here is a list of the disadvantages of technology in this industry customers may discover new restaurants and have many choices. By browsing through their phones, many restaurants will pop up on their feeds, including big and small diners. It is less likely to pick your services if the restaurant the customers want to get food from has its delivery drivers; the application may need to be fixed. It is not likely to happen, but there are cases in the application, such as Messenger or your business's app, that must be fixed in the most needed time. It will leave a bad review on your business, and the customers are most likely to go and order from your competitors, and expectation versus reality. We all know that pictures are far from reality because of the help of technology in enhancing their colors. The customers will be unhappy and may blame services for delivering food that did not meet their expectations.

**4. FINANCIAL ANALYSIS**

This chapter presents the possible performance of Kamayo Delivery within 5 years through number representation. It evaluates the business's results from 2023 to 2027 to develop good decision-making.

**4.1 Start-up Schedule**

The table below shows the process of starting a business, from data gathering to formal operations, presented in the first-year calendar from January 2023 to January 2024.

Table 4. Star-Up Schedule Gantt chart

ACTIVITIES	Jan. 2023	Feb. 2023	Feb. 2023	Mar. 2023	Jun. 2023	Sept. 2023	Jan. 2024
Data Gathering	▶						
Business Proposal Decision		▶					
Business Feasibility Study			▶				
Business Planning				▶			
Acquiring of Land					▶		
Acquiring Raw Materials for Building						▶	
Acquiring Equipment and Furniture & Fixture							▶
Business Registration							▶
Hiring Employees and Riders							▶
Formal Operation							▶



## 4.2 Financial Projection

Table 5. Projected Annual Revenue

	Delivery/ week	Per Month	Pric e	Annual Service Revenue				
				2023	2024	2025	2026	2027
Two times per week	65	520	100	624,000	686,400	755,040	830,544	913,598
Three times per week	9	108	150	194,400	213,840	235,224	258,746	284,621
Six times per week	3	72	200	172,800	190,080	209,088	229,997	252,996
<b>Total</b>	<b>77</b>	<b>700</b>		<b>991,200</b>	<b>1,090,320</b>	<b>1,199,352</b>	<b>1,319,287</b>	<b>1,451,216</b>

Assumption: Annual Delivery Service will increase by 10% yearly. First, sixty-five (65) respondents prefer two delivery times per week. Secondly, it shows nine (9) respondents choose the three times per week. Lastly, item 3 shows three (3) respondents who prefer six times per week. Furthermore, the delivery charge will be 100 pesos when they purchase food, about 500-1000, 150 pesos when the order costs about 1001-1500, also 200 pesos for delivery charge when they purchase food, about 1501-2000. Therefore, the annual service revenue 2023 will be 991,200, increasing by 10% yearly.

Table 6. Promotional Expense

Particulars	Cost	No. of Months/Quantity	Annual Cost
Radio Advertising	500	12	6,000
Tarpaulin	1,000	3	3,000
Signage	500	5	2,500
<b>Total</b>			<b>11,500</b>

Assumption: The radio broadcasting will be paid 500 monthly, leading to 6,000 in annual costs. The business will utilize 3 tarpaulins. The signage will be 5 times a year.

Table 7. Office Supply

Particulars	Quantity	Price	2023	2024	2025	2026	2027
<b>Office supply</b>							
Bond paper	15	200	3,000	3,150	3,308	3,473	3,647
Ball pen	200	15	3,000	3,150	3,308	3,473	3,647
Paper Clip	200	5	1,000	1,050	1,103	1,158	1,216
Scissors	50	20	1,000	1,050	1,103	1,158	1,216
Glue	25	40	1000	1,050	1,103	1,158	1,216
Folder	250	8	2,000	2,100	2,205	2,315	2,431
Envelope	375	8	3000	3,150	3,308	3,473	3,647
Puncher	10	100	1000	1,050	1,103	1,158	1,216
<b>Cleaning Supplies</b>							
Brush	60	20	1200	1,260	1,323	1,389	1,459
Powder	20	70	1400	1,470	1,544	1,621	1,702
Mop	7	200	1400	1,470	1,544	1,621	1,702
Rugs	25	40	1000	1,050	1,103	1,158	1,216
Broom	20	50	1000	1,050	1,103	1,158	1,216
<b>Other Supplies</b>							
Uniform	5	800	4,000	4,200	4,410	4,631	4,862
<b>Total</b>			<b>25,000</b>	<b>26,250</b>	<b>27,563</b>	<b>28,941</b>	<b>30,388</b>

Assumption: Supplies will increase by 5% yearly.

Table 8. Land Amortization

Year	Payment Amount	Interest	Principal	Remaining Principal
				500,000.00
2023	115,487.40	25,000.00	90,487.40	409,512.60
2024	115,487.40	20,475.63	95,011.77	314,500.83
2025	115,487.40	15,725.04	99,762.36	214,738.47
2026	115,487.40	10,736.92	104,750.48	109,988.00
2027	115,487.40	5,499.40	109,988.00	-
<b>Total</b>	<b><u>577,437.00</u></b>	<b><u>77,437.00</u></b>	<b><u>500,000.00</u></b>	

Assumption: Kamayo Delivery will acquire land on credit. The interest rate for land will be 5% annually. Kamayo Delivery will pay the land for 115,487.40 yearly, including the interest and principal payments. The land area will be 10x10 meters.

Table 9. Land Payment

Particulars	2023	2024	2025	2026	2027
Land	115,487.40	115,487.40	115,487.40	115,487.40	115,487.40
Payment (credit)	115,487.40	115,487.40	115,487.40	115,487.40	100,000.00
Balance	0	0	0	0	15,487.40
Notes Payable (credit)					<b><u>15,487.40</u></b>

Assumption: Kamayo Delivery paid the land in year 5 for 100,000 and made a promissory note. The owner and the buyer will agree that the remaining balance will pay after 5 years.

Table 10. Equipment

Particulars	Cost	Units	Total
Thermal bag	1,500	2	3,000
Laptop	36,500	1	36,500
Fire Extinguisher	3,500	2	7,000
<b>Total</b>			<b><u>46,500</u></b>

Assumption: Kamayo Delivery acquired Equipment for 46,500.

Table 11. Building

Raw Materials	Quantity	Price	Total
Gravels (5 mini. dam)	5 pcs	1,800.00	9,000.00
Nails			
#4	4 kls	60.00	240.00
#3	3 kls	85.00	255.00
Umbrella Nails	5 kls	70.00	350.00
Vulcaseal	4 pcs	60.00	240.00
Galvanize Iron	20 pcs	400.00	8,000.00
Plain sheet	10 pcs	350.00	3,500.00
Roll Up Package			20,000.00
Cement	70 sacks	230.00	16,100.00
Hollow blocks	1,000 pcs	14.00	14,000.00
Steel bar 10 mm	50 pcs	245.00	12,250.00
Steel bar 8 mm	50 pcs	125.00	6,250.00
Wood			
2x5x12/12=10	300 board feet (30ps)	42.00	12,600.00
2x4x12/12=8	160 board feet (20 pcs)	42.00	6,720.00
3 2x3x12/12=6	180 board feet (30ps)	42.00	7,560.00
Laborer	5 constructors	8,000.00	40,000.00
Masson	2 person	15,000.00	30,000.00
Paint	4 gallons	2,000.00	8,000.00
Painters	1 person	4,415.00	4,935.00
<b>Total</b>			<b><u>200,000.00</u></b>

Assumption: The building will occupy 16x18 square meters within a 10x10 land area.

Table 12. Furniture and Fixture

Particulars	Quantity	Cost	Annual Cost
Table	2	1,000	2,000
Chair	4	500	2,000
Cabinet	2	1,500	3,000
<b>Total</b>			<b><u>7,000</u></b>

Assumption: Kamayo Delivery will acquire Furniture and Fixtures for 7,000.

Table 13. Depreciation

Particulars	Cost	Useful Life	Annual Cost
Equipment	46,500	5	9,300
Building	200,000	10	20,000
Furniture and Fixture	7,000	5	1,400
<b>Total</b>			<b><u>30,700</u></b>

Assumption: Equipment will be depreciated for 5 years, and the amount will be 9,300. The building will be depreciated for 10 years, and the amount will be 20,000. Furniture and Fixture will be depreciated for 5 years, and the amount will be 1,400.

Table 14. Building Maintenance and Repair

Particulars	Monthly cost	Annual cost
Electrical System	2,815.00	33,780.00
Repair	2,137.50	25,650.00
Repaint	1,137.50	13,650.00
Monthly Inspection	1,100.00	13,200.00
<b>Total</b>	<b><u>7,190</u></b>	<b><u>86,280.00</u></b>

Assumption: Building Repair and Maintenance will utilize 7,190 monthly costs and 86,280 for annual costs constantly starting in 3<sup>rd</sup> year of operation.

Table 15. Wages and Salaries

Particulars	Cost	Quantity	2022	2023	2024	2025	2026
Human resource manager/Manager	13000	1	13,000	13,260	13,525	13,796	14,072
Cashier	9100	1	9,100	9,282	9,468	9,657	9,850
<b>Total</b>			<b><u>22,100</u></b>	<b><u>22,542</u></b>	<b><u>22,993</u></b>	<b><u>23,453</u></b>	<b><u>23,922</u></b>

Assumption: Wages and Salaries will increase by 2% yearly.

Table 16. SSS/PHIC Contribution

Particulars	SSS	PHIC	2023	2024	2025	2026	2027
Human resource manager/Manager	1,245	585	21,960	22,399	22,847	23,304	23,770
Cashier	875	410	15,408	15,716	16,030	16,351	16,678
<b>Total</b>	<b><u>2,120</u></b>	<b><u>995</u></b>	<b><u>37,368</u></b>	<b><u>38,115</u></b>	<b><u>38,878</u></b>	<b><u>39,655</u></b>	<b><u>40,448</u></b>

Assumption: SSS and PHIC will increase by 2% yearly.

Table 17. Utilities Expense

Particulars	Monthly	Annually
Electricity Bill	1,500	18,000
Water Bill	500	6,000
Internet	2,000	24,000
<b>Total</b>	<b><u>4,000</u></b>	<b><u>48,000</u></b>

Assumption: Kamayo Delivery will pay the utilities for 4,000 every month.

Table 18. Permits and Licenses

Particulars	2023	2024	2025	2026	2027
DTI Business Registration	500				
Business Permit	7,000	7,000	7,000	7,000	7,000
BIR	3,000	3,000	3,000	3,000	3,000
Sanitary Fee	10,000	10,000	10,000	10,000	10,000
Mayor's Permit	300	300	300	300	300
<b>Total</b>	<b><u>20,800</u></b>	<b><u>20,300</u></b>	<b><u>20,300</u></b>	<b><u>20,300</u></b>	<b><u>20,300</u></b>

Assumption: Kamayo Delivery will Permit and License 20,800 in year 1 and 20,300 in year 2, year 3, year 4, and year 5, respectively.

Table 19. Miscellaneous Expense

Particulars	Monthly Cost	Annual Cost
Miscellaneous Expense	800	9,600
<b>Total</b>	<b><u>800</u></b>	<b><u>9,600</u></b>

Assumption: Kamayo Delivery will pay miscellaneous expenses for 800 every month.

Table 20. Cost of Service

	Cost	# of rider	2023	2024	2025	2026	2027
Delivery Driver	320	2	199,680				
Gas	200		62,400				
Internet	100		4,800				
<b>Total</b>			<b><u>266,880</u></b>	<b><u>280,224</u></b>	<b><u>294,235</u></b>	<b><u>308,947</u></b>	<b><u>324,394</u></b>

Table 21. Partner's Capital

Abrahan	271,614.2
Baintin	271,614.2
<b>Total</b>	<b><u>543,234.40</u></b>

### 4.3 Projected Income Statements

Table 22. Projected Income Statements

<b>Kamayo Delivery Income Statement For the Years Ended Year 1-Year 5</b>					
	2023	2024	2025	2026	2027
Service Revenue	991,200.00	1,090,320.00	1,199,352.00	1,319,287.20	1,451,215.92
Less: Cost of Service	266,880.00	280,224.00	294,235.20	308,946.96	324,394.31
Gross Profit	724,320.00	810,096.00	905,116.80	1,010,340.24	1,126,821.61
Less: Operating Expense					
Supplies Expense	25,000.00	26,250.00	27,562.50	28,940.63	30,387.66
Promotional Expense	11,500.00	11,500.00	11,500.00	11,500.00	11,500.00
Depreciation Expense	30,700.00	30,700.00	30,700.00	30,700.00	30,700.00
Maintenance	0.00	0.00	86,280.00	86,280.00	86,280.00
Wages and Salaries	22,100.00	22,542.00	22,992.84	23,452.70	23,921.75
SSS/PHIC Contribution	37,368.00	38,115.36	38,877.67	39,655.22	40,448.32
Utilities Expense	48,000.00	48,000.00	48,000.00	48,000.00	48,000.00
Permits and license	20,800.00	20,300.00	20,300.00	20,300.00	20,300.00
Miscellaneous Expense	9,600.00	9,600.00	9,600.00	9,600.00	9,600.00
Total	205,068.00	207,007.36	295,813.01	298,428.54	301,137.73
Net Income Before Tax	519,252.00	603,088.64	609,303.79	711,911.70	825,683.88
Less: Income Tax	129,813.00	150,772.16	152,325.95	177,977.92	247,705.16
<b>Net Income After Tax</b>	<b><u>389,439.00</u></b>	<b><u>452,316.48</u></b>	<b><u>456,977.84</u></b>	<b><u>533,933.77</u></b>	<b><u>577,978.72</u></b>

#### 4.4 Projected Cash Flow

Table 23. Projected Cash Flow

<b>Kamayo Delivery Statement of Cash Flow As of the Years Ended Year 1-Year 5</b>					
	2023	2024	2025	2026	2027
<b>Cash flow from operating activities</b>					
Net Income Before Tax	519,252.00	603,088.64	609,303.79	711,911.70	825,683.88
Depreciation	30,700.00	30,700.00	30,700.00	30,700.00	30,700.00
Income tax payable	129,813.00	150,772.16	152,325.95	177,977.92	247,705.16
Notes payable					15,487.40
<b>Net Cash Inflow</b>	<b>420,139.00</b>	<b>483,016.48</b>	<b>487,677.84</b>	<b>564,633.77</b>	<b>608,678.72</b>
<b>Cash flow from investing activities</b>					
Payment for Land	115,487.40				
Acquisition of Equipment	46,500.00				
Payment for Construction of Building	200,000.00				
Acquisition of Furniture and Fixtures	7,000.00				
<b>Net Cash Outflow</b>	<b>(368,987.40)</b>				
<b>Cash flow from financing activities</b>					
Kamayo Delivery, Capital	543,234.40				
Withdrawal	(389,439.00)	(310,177.00)	(358,737.00)	(412,606.00)	(440,848.00)
<b>Net Cash Inflow</b>	<b>153,795.40</b>	<b>(310,177.00)</b>	<b>(358,737.00)</b>	<b>(412,606.00)</b>	<b>(440,848.00)</b>
<b>Total Cash Flow</b>	<b>204,947.00</b>	<b>172,839.48</b>	<b>128,940.84</b>	<b>152,027.77</b>	<b>167,830.72</b>
Add: Cash Beginning Balance	-	204,947.00	377,786.48	506,727.32	658,755.10
<b>Cash Ending Balance</b>	<b>204,947.00</b>	<b>377,786.48</b>	<b>506,727.32</b>	<b>658,755.10</b>	<b>826,585.81</b>

#### 4.5 Projected Balance Sheet

Table 24. Projected Balance Sheet

<b>Kamayo Delivery Statement of Financial Position As of the Years Ended Year 1-Year 5</b>					
<b>ASSETS</b>	2023	2024	2025	2026	2027
<b>Current Assets</b>					
Cash	204,947.00	377,786.48	506,727.32	658,755.10	826,585.81
<b>Total Current Assets</b>	204,947.00	377,786.48	506,727.32	658,755.10	826,585.81
<b>Non-Current Assets</b>					
Land	115,487.40	115,487.40	115,487.40	115,487.40	115,487.40
Equipment	46,500.00	46,500.00	46,500.00	46,500.00	46,500.00
Less: Accumulated Depreciation	9,300.00	18,600.00	27,900.00	37,200.00	46,500.00
Building	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
Less: Accumulated Depreciation	20,000.00	40,000.00	60,000.00	80,000.00	100,000.00
Furniture & Fixture	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Less: Accumulated Depreciation	1,400.00	2,800.00	4,200.00	5,600.00	7,000.00
<b>Total Non-Current Assets</b>	338,287.40	307,587.40	276,887.40	246,187.40	215,487.40
<b>Total Assets</b>	<b><u>543,234.40</u></b>	<b><u>685,373.88</u></b>	<b><u>783,614.72</u></b>	<b><u>904,942.50</u></b>	<b><u>1,042,073.21</u></b>
<b>Liabilities &amp; Partner's Equity</b>					
<b>Liabilities</b>					
Notes Payable					
<b>Partner's Equity</b>					
Retained Earnings	389,439.00	452,316.48	456,977.84	533,933.77	577,978.72
Kamayo Delivery Capital	543,234.40	543,234.40	685,373.88	783,614.72	904,942.50
Partner's drawing	(389,439.00)	(310,177.00)	(358,737.00)	(412,606.00)	(440,848.00)
<b>Total Liabilities &amp; Partner's Equity</b>	<b><u>543,234.40</u></b>	<b><u>685,373.88</u></b>	<b><u>783,614.72</u></b>	<b><u>904,942.50</u></b>	<b><u>1,042,073.21</u></b>

#### 4.6 Partner's Equity

Table 25. Partner's Equity

<b>Kamayo Delivery Statement of Changes in Partner's Equity As of the Years Ended Year 1-Year 5</b>					
	2023	2024	2025	2026	2027
Capital Beginning	543,234.40	543,234.40	685,373.88	783,614.72	904,942.50
Add: Net Income	389,439.00	452,316.48	456,977.84	533,933.77	577,978.72
Total	932,673.40	995,550.88	1,142,351.72	1,317,548.50	1,482,921.21
Less: Drawing	389,439.00	310,177.00	358,737.00	412,606.00	440,848.00
<b>Ending, Balance</b>	<b><u>543,234.40</u></b>	<b><u>685,373.88</u></b>	<b><u>783,614.72</u></b>	<b><u>904,942.50</u></b>	<b><u>1,042,073.21</u></b>

#### 4.7 Financial Ratio Analysis

Assess a business's ability to generate profit from its operation when the net income of the business is divided by the net sales or revenue. It also provides valuable ideas for profitability, liquidity, and efficiency.

##### A. Return on Investment (ROI)

$$\text{ROI} = \frac{\text{Net Income}}{\text{Initial Investment}}$$

Table 26. Return on Investment

Return on Investment	Net Income	389,439	452,316.48	456,978.84	533,934.77	577,979.72
	Initial Investment	543,234.40	543,234.40	543,234.40	543,234.40	543,234.40
<b>Return on Investment</b>		<b><u>0.72</u></b>	<b><u>0.83</u></b>	<b><u>0.84</u></b>	<b><u>0.98</u></b>	<b><u>0.11</u></b>

Table 26 shows that return on investment measures the business's financial performance. Therefore, the ROI of kamayo delivery is 0.72 or 72%; thus, for every P 1.00 of initial investment, the owner will receive 0.72.

##### B. Net Profit Margin (NPM)

$$\text{NPM} = \frac{\text{Net Income}}{\text{Revenue}}$$

Table 27. Net Profit Margin

Net Profit Margin	Net Income	389,439	452,316.48	456,978.84	533,934.77	577,979.72
	Revenue	991,200	1,090,320	1,199,352	1,319,287	1,451,216
		<b><u>0.39</u></b>	<b><u>0.41</u></b>	<b><u>0.38</u></b>	<b><u>0.40</u></b>	<b><u>0.40</u></b>

Table 27 shows that the contribution of a net profit could mean that for every Php 1 service revenue, the firm has Php 0.39, 0.41, 0.38, 0.40, and 0.40 net income.

##### C. Return on Asset (ROA)

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Asset}}$$

Table 28. Return on Asset (ROA)

Return on Asset	Net Income	389,439	452,316.48	456,978.84	533,934.77	577,979.72
	Total Asset	673,047	836,146	935,941	1,082,920	1,305,266
		<b><u>0.58</u></b>	<b><u>0.54</u></b>	<b><u>0.49</u></b>	<b><u>0.49</u></b>	<b><u>0.44</u></b>

Table 28 shows that for every Php 1 asset used by the proposed business to generate revenue, it yielded P0.58, 0.54, 0.49, 0.49, and 0.44, respectively, of net income.



**Payback period.** It is defined as the years required to recover the original cash investment.

$$\text{Payback period} = \frac{\text{Initial Investment}}{\text{Average Cash Flow}}$$

Table 29. Payback Period

<b>Payback Period</b>	Initial Investment	543,234.40
	Average Cash flow	2,574,801.72
Ratio		0.21
Interpretation: The table indicates that the payback period is equal to initial investments divided by average cash flow; thus, in year 1, initial investments will be 543,243.40, which is divided by average cash flow. Moreover, in year 1, the ratio is 0.21. Therefore, the business's initial investment will be recovered within 3 months of the payback period.		

## 5. CONCLUSIONS

This study aims to determine whether the target market will be Poblacion and nearby barangays inside Cateel, Davao Oriental. Determine the strategic location beside unisex since it is the most commercial area in Poblacion. Conduct the market survey, 65 people in Poblacion, Cateel, and Davao Oriental prefer food delivery service twice a week. Facebook advertisement, radio advertisement, tarpaulin, logo, and uniform of riders are identified promotional strategies of Kamayo Delivery. Kamayo Delivery will directly deliver the food to the buyer, and it is a direct distribution channel. Identify personnel requirements; the requirements or qualifications will depend on accordance with the aspiring position and potential. The manager must be a college graduate and can manage or handle troublesome situations.

The riders must have driver's licenses and can calmly handle turmoil. Formulate business model, kamayo delivery will establish high-quality jobs for target food service employees, including good wages and benefits, career advancement opportunities, access to training and capacity building, participation in decision-making, and opportunities for ownership. Determine the capital requirements of the business; the business needs 543,324.40 to start up and run Kamayo Delivery. Project financial statements the projected current asset in 5 years is 1,025,068.38, which was increased by 10% annually. Compute financial ratios (ROI Payback Period, ROA, Net Profit Margin). The net profit in 5 years will be 40%, and the return on investment will be 106%. The capital will be from the partner's money to start and stabilize the business. Kamayo Delivery is worth pursuing. It has estimated risk but subsequently, the survey is positive; the projected income of service is a profit demonstration 65 people in Poblacion, Cateel, Davao Oriental agree about Kamayo delivery's offer regarding convenient life, quickest service, and time-saving service.

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