EFFECTIVENESS OF ONLINE MARKETING AND CONSUMER ATTITUDE TOWARDS SALE PERFORMANCE IN FOOD SERVICE INDUSTRY

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DECLARATION OF ORIGINAL WORK

"Hereby, I declare that this thesis entitled "Effectiveness of online marketing and consumer attitude towards sales performance in food service industry" is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree"

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DEDICATION

In preparing this research paper, I have been through many uncertain time and here I would like to express my genuine appreciation and dedicate this thesis to my family members who gave me tremendous of support and courage throughout the thesis production. Specifically, my little sister, Lim Li Qi that brought many positive vibes and spiritual to me, she is such a lovely and adorable thirteen years old girl that act as my life-moving supportive force to empower myself become better and greater to give my best to her in future. Moreover, to my former internship programme's CEO, Mr. Fred Wu who inspired me to write this thesis topic as I was given opportunity to explore in writing the business plan in food service industry during my internship period. Nonetheless, I am thankful for everything happened around me and guidance of you all would be forever felt in me.

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ABSTRACT

The ever-growing internet consumption has nurtured a new generation of consumers who are in technologies savvy and these made opportunities to promote marketer's product and services by using web-based promotional strategies for outreaching the targeted audience. Extent from the existing literatures on the impact of online marketing toward sales performance in restaurants, the purpose of the study is to examine the relationship between online marketing effectiveness metrics and sales performance in food service industry after added the mediator, consumers' attitude towards online advertising. This study has approached 200 respondents, restaurant owners and restauranteurs in Peninsular Malaysia and categorized into four different districts (Northern, East Coast, Central and Southern) to understand their perception and opinion on which metric is effective and how consumer attitudes reacted towards profit gained in restaurant. All collected data were analyzed and computed using SPSS using reliability test, descriptive analysis, pearson correlation, regression and mediation analysis. Result showed online marketing effectiveness metrics and consumers' attitude towards online advertising were positively influencing sales performance as outcome. However, consumer's attitude as a mediator was relatively stronger than online marketing effectiveness metrics to give impact onto sales performance in Malaysia's food service industry implied its likelihood to make rising of sales performance.

Keywords: Online Marketing, Online Advertising, Consumer's Attitude, Sales Performance, Foodservice, Malaysia

ABSTRAK

Penggunaan internet yang semakin meningkat telah memupuk generasi baru yang sebagai pengguna mahir dalam penggunaan teknologi dan telah menghasilkan peluang kepada pemasar mempromosikan produk dan perkhidmatan dengan menggunakan strategi promosi berasaskan web untuk menyasar kumpulan tersebut. Rujukan daripada literatur yang sedia ada mengenai terhadap prestasi jualan di restoran,, tujuan kajian ini adalah untuk mengkaji hubungan antara metrik keberkesanan pemasaran secara online dan prestasi jualan dalam industry perkhidmatan makanan selepas penambahan sikap pengguna terhadap pengiklanan sebagai pengantara (mediasi) .Kajian ini telah mengumpulkan 200 responden terdiri daripada pemilik restoran dan 'restauranteurs' di Semenanjung Malaysia dengan dikategorikan kepada empat daerah yang berlainan (Utara, Pantai Timur, Tengah dan Selatan) untuk memahami persepsi dan pendapat di mana satu metrik adalah efektif dan bagaimana reaksi sikap pengguna mempengaruhi keuntungan perolehan di restoran. Semua data yang dikumpul telah dianalisis dan dihasilkan menggunakan SPSS dengan mengaplikasi ujian kebolehpercayaan, analisis deskriptif, korelasi pearson, regresi dan mediasi analisis. Keputusan menunjukkan metrik keberkesanan pemasaran online dan sikap pengguna terhadap online pengiklanan yang positif mempengaruhi prestasi jualan. Namun, sikap pengguna sebagai mediasi dalm perhubungan ini adalah lebih kukuh berbanding metrik keberkesanan pemasaran online yang memberi kesan positif ke atas prestasi jualan dalam industri perkhidmatan makanan Malaysia.

Kata kunci: Pemasaran Online, Iklan Online, Sikap Pengguna, Prestasi Jualan, Industri Perkhidmatan Makanan, Malaysia.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

E&M	Entertainment and Media
CAGR	Compound Annual Growth Rate
F&B	Food and Beverages
OM	Online Marketing
GDP	Gross Domestic Product
USD	United State Dollar
ADEX	Advertising Expenditures
SEM	Search Engine Marketing
PFP	Pay for Performance
SEO	Search Engine Optimization
B2B	Business-to-Business
B2C	Business-to-Consumer
C2C	Consumer-to-Consumer
TPB	Theory of Planned Behavior
ATOA	Attitude towards Online Advertising
CRM	Customer Relationship Management
DV	Dependent Variable
MV	Mediating Variable
IV	Independent Variable
FT	Federal Territory

CHAPTER 1

INTRODUCTION

1.1 Research Background

The increasing acceptance level of internet usage, with ever growing social networks, mobile devices and continuous development in web have produced a generation of cultured and technology savvy consumers. The internet users in the world now constituent over 3.4 billion where share of Malaysia internet user in world is 0.6% reached up to about 20.4 million of internet users population. Department of Statistics Malaysia Report presented the percentage of Malaysians with aged above of 15 using the internet was 71.1% increased by 14.1% compared with year 2013 as recorded of 57%. With such a large group of internet users shown tremendous opportunities to advertisers, marketers and entrepreneurs begun to deploy application of web-based promotional strategy—online strategy by using function of internet to outreach the target audience and promote their product and services.

Online marketing or internet marketing, can be also known as web marketing, web advertising, e-marketing (Joseph and Mukhongo, 2015), online advertising (Schwarzl, 2015), and internet advertising (Akeem, 2007) that used to promote, advertise and interact with target group over internet world, available messages to be delivered by computer when customer wants to receive them (Olayinka et al., 2015) and achieve organizational goals by increasing sales and boosting profits (Akeem, 2007). Evidently, Malaysia's Entertainment and Media (E&M) segment growth in term of internet advertising proposed

12.7% of Compound Annual Growth Rate (CAGR) from 2014 to 2019 (PwC, 2015). Often times, to develop online marketing through internet, adoption of smart and advanced technologies will be optimized such as mobile phones, tablets, desktops and laptops which help marketers to create opportunities to reach and serve consumers easily (Persaud and Azhar, 2012; Roach, 2009). Leverage the ever-growing electronic devices and networks has created dynamic development of digital marketing in our contemporary society substantially. Along with this line, the online marketing has become one of the popular channel that frequently used due to its low cost effective advantage prospect (Yasmin et al., 2015), direct response and achieving brand interactions (Adelabu, 2015). It can be applied across a wide array of industries such as communication service, hospitality, automobile, electronic commerce and more.

In hospitality industry wise, research shown online marketing presents revenue opportunity for restaurants (Ghiselli and Ma, 2015; Lee et al., 2010). It is undeniable that Food and Beverages (F&B) industry is buzzing in Malaysia town nationally due to rich of food heritage and increase in population and demand from young generation expecting much more in dining experience. Reported by Government of Canada about food service profile in Malaysia, the establishment in consumer food service has achieved CAGR of 4.6% from 2008 to 2012 with market value depicted USD 9,989.9 million. It is expected to surge CAGR up to 5.3% until 2017 which can be foreseen a positive growing in this industry. With the inception of internet mechanisms, online marketing mediums have been used to gather the information and messages to outreach the target audience (restaurant consumers) based on their preferences and receptivity toward the advertised formats. where it proved to be a powerful engine for marketing purposes and has become the front-end application of consumer intelligence sharing and consumer buying facilitation mechanism (Omar et al., 2011) and hence sales can be generated (Akeem, 2007; Ghiselli and Ma, 2015; Joseph and Mukhongo, 2015).

Frequently, consumers who accessed the internet with significant of information available due to the consumers became knowledgeable than before (Sunil, 2015) to look for a comprehend information regard to the were also being influenced by their own consumer behavior (Momtaz et al., 2013), consumer attitude (Eze and Lee, 2012; Akeem,

2007), customer value (Omar et al., 2011) and customer mind sets (Saaksjarvi and Pol, 2007). They determine the tasks and objectives of consumers, as a reaction, direct them an action toward the achievement of these objectives. Hence, which consumer behavior attributes are most imperative to trigger the sales performance in food service industry must be identified with the support of numerous online marketing strategies applied.

1.2   Problem Statement

In developing country like Malaysia, entrepreneurial activities are flourishing gradually that drive social and economic development, meant in generating income and growth economically (Yusof, 2011). It is norm of business to start trying to transform their business model from traditional trading into an advanced approach to promoting their product and services in online form. In term of growth, intensive strategies through marketing efforts are mostly needed and being applied for the sake of market penetration, market development and product development (Ayupp and RabaahTudin, 2013)

Reported by BBC News, said Kirsty Sharman from online marketing agency, Webfluential that influencer marketing is one of the promising approach to establish a recognizable branding with flooding existence of social media and technology. In recent publication, outlined that many businesses still do not understand the importance of online marketing and ways to run it, worsen with those businesses that have neglected this crucial task as one of the mediums to educate their audience (Jarrett, 2016). In fact, it is a very useful channel especially for small businesses that want to grow, acquire new customer and increase profits with less effort.

It could be found that many of the past research were focusing the relationship between the online marketing with online shopping experience (Omar et al., 2011; Reimers et al., 2016; Sunil, 2015), attitudes toward online shopping (Akeem, 2007; Ching et al., 2013), and online marketing with consumer preferences (Ghiselli and Ma, 2015). However, there were merely scarce resources showing the exploration study on online

marketing in F&B industry/food service industry on how effective the online marketing mediums and consumer attitude toward the online advertising that influence the sales performance in recent study.

Therefore, the purpose of this research is to extent the existing research on the impact of online marketing toward the sales performance that can be achieved by restaurants and how would consumer and business being affected/ benefited from online marketing in accordance with the rapid growing of electronic gadgets consumption. The formats of the online marketing will be discussed in detail to explore further on which category lies under the most preferable online marketing format by vendors, the relationship between online marketing and sales performance and what kind of consumers' attitude influences the sales performance as well.

1.3   Research Question

- What are the characteristic profiles in Malaysia food service industry?
- Which dimension is the most influential in determining the effectiveness of online marketing towards sales performance?
- How does consumers' attitude influence the sales performance in food industry?
- What is the relationship among online marketing, consumers' attitude, and sales performance in food service industry?

1.4   Research Objective

- To study the characteristic profile in Malaysia food service industry.
- To examine the most influencing effectiveness dimension of online marketing towards sales performance.
- To examine the influence of consumers' attitude towards the sales performance.

- To identify the relationship among effectiveness measures of online marketing metrics deployed, consumers' attitude towards online advertising and sales performance achieved in food service industry.

1.5   Significance of Study

The purpose of this study is to examine effectiveness of online marketing with perception of customers' attitude on the online ads toward the sales performance among the sample of food service (restaurant) owners in Malaysia. Four effectiveness measures on online marketing will be studied across five types of online medium. The result obtained from this study may give clearer direction to entrepreneurs in food dining segment start-ups to identify which strategy options is best to choose at the earlier stage and analyzing how customers' attitude bridge the gap between online marketing and sales performance. It helps entrepreneur to determine the key elements to enhance sales performance and render insights for future researchers to collect additional information which were not existed in previous studies.

1.6   Scope of Study

This study focuses on the respondents who involve in food and dining activity specifically the restaurants owners. Taking the region in Malaysia, restaurants owners in three different segments (fast food, casual and fine dining) will be examined based on their restaurant characteristic profile, frequent online marketing tools that deployed by the restaurant owners will be identified, further component to consider which are the consumers' attitude perceived on the online advertising in food service industry and how these independent variable and mediator give impact and influence the sales performance.

1.7   Limitation of Study

The restrictions faced in this research would likely be the available data and time constraints. This research was given a short period to be accomplished which is quite inadequate for researchers to collect a comprehend data with limited sample size. Secondly, since the sample size target only those Malaysia restaurant owners, this will limit the opportunity in approaching a broaden sample size rather than one targeted population. Also, problems that may encounter in this research are the inability of respondents to answer the questionnaire properly additionally difficult for those who do not used any online marketing strategies in their business model may cause the surveys to become invalid response. Therefore, it showed a complementary process whereby the solidity of result was strongly depending upon the sufficient of data collection duration, larger sample size and knowledge acquisition of respondents toward the research topic.

1.8   Research Outline

The structure of the research divided into five chapters to present the conception of study. First chapter addressed the introduction and background of research which showed the overview regarding the growing usage of online marketing, consumer attitude towards online advertising, followed by consumer's acceptance that trigger on sales performance in Malaysia food service industry, problem statement, research questions and research objective. This chapter shed a light into the scheme of doing the research and proposing a theoretical framework to further discuss the following prospects. The theoretical framework provides a vivid picture on what dimensions and theories inserted by the researcher to support the study. Second chapter starts to review the past literatures and articles to validate the purpose of study and to explore other possibilities in suggested framework. This chapter included previous literatures on OM (online marketing) choices, effectiveness measures of OM, consumer attitudes toward OM and relationship with sales performance, the writer will discuss before mentioned variables to analyze the entire area of interest regards to the title.

Third chapter, research methodologies, contains research design, sample size, research instrument, data collection and questionnaire development which analyzing the empirical data and to achieve a validate result for a conclusion. Research design aids readers to have better understand what approaches are best used for data collection which embedded sampling, sampling design and questionnaire design to depict the reliability and viability in this research. In forth chapter which is part in data analysis, researcher should analyze the data critically by using tools, charts and graphs to exhibit the results. Particularly, researcher is going to answer the research questions and fulfill the research objectives after the data being collected and analyzed through questionnaires. In last chapter, it presented the conclusion and the justification of this research in the field of how effectiveness of OM and consumer attitude toward sales performance. This fifth chapter will include also the discussions, recommendations and future studies for other researchers to further investigate the topic.

1.9   Summary

This chapter 1 has addressed the background of food and dining segments, targeted mainly in Malaysia, current issues that induced the necessity to study the relationship among the online marketing, customers' attitude, and sales performance. Significance and limitations of the study are covered to show how importantly for restaurants owner to deploy various online marketing strategies using benefit on the emergence of technology for a better sales performance and discussed few issues to be concerned while doing this research. In Chapter 2, numbers of literature will be reviewed in this research in order to support the precedent dimensions and metrics that proposed in the theoretical framework.

CHAPTER 2

LITERATURE REVIEW

2.1   Introduction

Main stream of online marketing tools have been widely used by the customers in food and dining industry to make a purchase decision in turn to raise the sales performance in business owner perspective. A set of advertising effectiveness measures with the potentially consumers' attitude will be discussed in detail to address how do consumers making a purchase decision when accessing the information shown in internet, consumers attitude toward online advertisement and how these impact on the sales performance. This chapter will refer on various of past literatures as the support for theoretical framework and hypotheses assumption.

2.2   Food Service Industry in Malaysia

Malaysia with over 30.8 million population in 2015 has make a totaled of USD 298 million Gross Domestic Product (GDP) with 5.0% of growth rate that lead a good health of national economy (Focus Economic, 2016) and it is forecasted the GDP grows 4.4% in coming 2017 year. As such, food service plays a part of economy driver due to its tourism development, phenomenon of e-commerce and as a shopping hub in Asia Pacific, valued at just under US$10 billion in 2012 (Euromonitor, 2014).