

**FACTORS INFLUENCING CUSTOMERS' SATISFACTION TOWARDS  
THEIR UTILIZATION ON ONLINE FOOD DELIVERY SERVICE**

**TAN SHU WEN**

**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

## **SUPERVISOR'S APPROVAL**

'I/We, here declared that I/We had read through this thesis and in my/our opinion this thesis is adequate in term of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management with Honours (High Technology Marketing).

SIGNATURE :  
NAME OF SUPERVISOR : DR. MOHD FAZLI BIN MOHD SAM  
DATE :

SIGNATURE :  
NAME OF PANEL : DR. AMIR BIN ARIS  
DATE :

FACTORS INFLUENCING CUSTOMERS' SATISFACTION TOWARDS THEIR  
UTILIZATION ON ONLINE FOOD DELIVERY SERVICE

TAN SHU WEN

This thesis is submitted in fulfilment of the requirements for the award of Bachelor  
of Technology Management and Technopreneurship  
(Honours In High Technology Marketing)

Faculty of Technology Management and Technopreneurship  
Universiti Teknikal Malaysia Melaka

JUNE 2019

## **DECLARATION OF ORIGINAL WORK**

“I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with source clearly.”

SIGNATURE :  
NAME : TAN SHU WEN  
DATE :

## **DEDICATION**

I would like to dedicate the appreciation to my parents who supported me from spiritually and financially. Besides, this work also is dedicated to my beloved supervisor and also panel who guided me to accomplish the research. Last but not least to my friends that helped me throughout the journey of the research.

## ACKNOWLEDGEMENT

First and foremost, I would like to take this opportunity to express my deepest appreciation to my supervisor, Dr. Mohd Fazli Bin Mohd Sam for guidance and encouragement during completing this final year project. With his guidance, I successfully managed to finish my final year project. Besides, I am sincerely grateful and appreciate for the other lecturers and staff at FPTT that providing valuable information throughout the research.

In addition, I would like to thanks to the previous researchers that did their research papers. The topic of the research papers might be different, but the theory and knowledge provided were helpful and useful.

The appreciation is also extended to the respondents whom spent their precious time in answering my questionnaire. Last but not least, appreciation goes to those who involved either directly or indirectly towards this project. Hopefully, this report will be a reference to others in the future.

## **ABSTRACT**

Customers' satisfaction is the ability of a business to serve its customers and establish a long-term relationship with them. It is important for all business establishments as it influences the repeat visit or purchases of customers. However, it is not easy for organizations to achieve the customers' satisfaction in online food delivery (OFD) service. The aim of this research is to identify the factors influencing customers' satisfaction towards their utilization on OFD service. The factors influencing customers' satisfaction on OFD service include service quality, website quality, and food quality. The quantitative method is used in this research through questionnaire survey. The data is gathered from 384 respondents that had been ordered for OFD service in Kuala Lumpur. Service quality, website quality, and food quality are significant to the customers' satisfaction towards OFD service. The result showed that food quality is the most significant factor that influence customers' satisfaction on OFD service.

Keywords: customers' satisfaction, online food delivery (OFD) service, service quality, website quality, food quality

## **ABSTRAK**

*Kepuasan pelanggan adalah keupayaan perniagaan untuk melayani pelanggannya dan mewujudkan hubungan dalam jangka masa panjang dengan mereka. Kepuasan pelanggan adalah penting bagi semua pertubuhan perniagaan kerana ia mempengaruhi lawatan atau pembelian ulang-alik pelanggan. Namun begitu, tidak mudah bagi organisasi untuk mencapai kepuasan pelanggan dalam penghantaran makanan dalam talian (OFD). Tujuan kajian ini adalah untuk mengenal pasti faktor-faktor yang mempengaruhi kepuasan pelanggan terhadap penggunaan mereka dalam penghantaran makanan dalam talian. Faktor-faktor yang mempengaruhi kepuasan pelanggan terhadap penghantaran makanan dalam talian termasuk kualiti perkhidmatan, kualiti laman web, dan kualiti makanan. Kaedah kuantitatif digunakan dalam kajian ini melalui kajian soal selidik. Data akan dikumpul dari 384 responden yang pernah menggunakan perkhidmatan OFD di Kuala Lumpur. Kualiti perkhidmatan, kualiti laman web, dan kualiti makanan adalah penting kepada kepuasan pelanggan terhadap perkhidmatan OFD. Hasil kajian menunjukkan bahawa kualiti makanan adalah faktor paling yang penting dalam mempengaruhi kepuasan pelanggan terhadap perkhidmatan OFD.*

*Kata kunci: kepuasan pelanggan, penghantaran makanan dalam talian (OFD), kualiti perkhidmatan, kualiti laman web, kualiti makanan*



## TABLE OF CONTENT

<b>CHAPTER</b>	<b>CONTENT</b>	<b>PAGE</b>
	<b>DECLARATION OF ORIGINAL WORK</b>	ii
	<b>DEDICATION</b>	iii
	<b>ACKNOWLEDGEMENT</b>	iv
	<b>ABSTRACT</b>	v
	<b>ABSTRAK</b>	vi
	<b>TABLE OF CONTENT</b>	vii
	<b>LIST OF TABLES</b>	xii
	<b>LIST OF FIGURES</b>	xiv
	<b>LIST OF ABBREVIATIONS</b>	xv
	<b>LIST OF APPENDICES</b>	xvi
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>	
	1.1 Introduction	1
	1.2 Background of Study	2
	1.3 Problem Statement	4
	1.4 Research Questions	6
	1.5 Research Objectives	6
	1.6 Scope and Limitation of Study	7
	1.6.1 Scope of Study	7
	1.6.2 Limitation of Study	7
	1.7 Significance of Study	8
	1.8 Structure of Research	8
	Summary	9

<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	
2.1	Introduction	10
2.2	Online Food Delivery (OFD) Service	11
2.3	Customers' Satisfaction	12
2.4	Service Quality	14
2.4.1	Delivery (Fulfilment)	15
2.4.2	Accuracy	16
2.4.3	Customer Service	16
2.4.4	Price (Financial Benefits)	17
2.4.5	Special Offers	18
2.5	Website Quality	18
2.5.1	Website Information	19
2.5.2	Website Design	20
2.5.3	Payment System	20
2.5.4	Loading Speed	21
2.5.5	Privacy or Security	21
2.6	Food Quality	22
2.6.1	Menu Variety	23
2.6.2	Healthy Options	24
2.6.3	Food Freshness	24
2.6.4	Temperature	24
2.6.5	Food Packaging	25
2.7	Proposed Research Framework	26
2.8	Hypothesis Development	27
2.9	Summary	28
<b>CHAPTER 3</b>	<b>RESEARCH METHODOLOGY</b>	
3.1	Introduction	29
3.2	Research Design	30
3.2.1	Explanatory Research	32
3.3	Methodology Choices	32
3.4	Data Source	33
3.4.1	Primary Data	33

<b>CHAPTER 3</b>	<b>CONTENT</b>	<b>PAGE</b>
	3.4.2 Secondary Data	34
	3.5 Research Strategy	35
	3.5.1 Questionnaire Design	36
	3.5.2 Research Location	37
	3.5.3 Sampling Technique	38
	3.6 Data Analysis Tools	40
	3.6.1 Statistical Package for the Social Science (SPSS)	40
	3.6.2 Pilot Test	41
	3.6.3 Descriptive Statistics	41
	3.6.4 Pearson's Correlation Coefficient	42
	3.6.5 Multiple Regression Analysis	42
	3.7 Time Horizon	43
	3.8 Summary	43
<b>CHAPTER 4</b>	<b>ANALYSIS AND DISCUSSIONS</b>	
	4.1 Introduction	44
	4.2 Pilot Test	45
	4.3 Descriptive Analysis	46
	4.3.1 Respondents' Demographic Analysis	46
	4.3.1.1 Gender	47
	4.3.1.2 Race	48
	4.3.1.3 Age Group	49
	4.3.1.4 Marital Status	50
	4.3.1.5 Employment Status	51
	4.3.1.6 Income Level	52
	4.3.1.7 Knowledge of OFD Service	55
	4.3.1.8 OFD Service User	56
	4.4 Descriptive Statistics	57
	4.4.1 Customers' Satisfaction	57
	4.4.2 Service Quality	58

<b>CHAPTER 4</b>	<b>CONTENT</b>	<b>PAGE</b>
	4.4.3 Website Quality	59
	4.4.4 Food Quality	60
	4.4.5 Summary of Descriptive Statistics	61
	4.5 Pearson's Correlation Coefficient Analysis	62
	4.6 Multiple Regression Analysis	65
	4.7 Linear Regression Analysis	67
	4.7.1 Independent Variable 1 (Service Quality)	67
	4.7.2 Independent Variable 2 (Website Quality)	69
	4.7.3 Independent Variable 3 (Food Quality)	70
	4.8 Hypothesis Testing	72
	4.8.1 Hypothesis 1 (Service Quality)	72
	4.8.2 Hypothesis 2 (Website Quality)	72
	4.8.3 Hypothesis 3 (Food Quality)	73
	4.9 Summary	74
<b>CHAPTER 5</b>	<b>RECOMMENDATIONS AND CONCLUSION</b>	
	5.1 Introduction	75
	5.2 Summary of Findings	76
	5.2.1 Research Objective 1	76
	5.2.2 Research Objective 2	77
	5.3 Limitations of the Research	78
	5.4 Significance of the Research	78
	5.5 Recommendations	79
	5.5.1 Recommendations to This Research	79
	5.5.2 Recommendations for Future Research	80

<b>CHAPTER 5</b>	<b>CONTENT</b>	<b>PAGE</b>
	5.6 Conclusion	81
	5.7 Summary	82
	<b>REFERENCES</b>	83
	<b>APPENDICES</b>	96
	Appendix 1 (Gantt Chart PSM 1)	96
	Appendix 2 (Gantt Chart PSM 1)	97
	Appendix 3 Questionnaire	98

## LIST OF TABLES

<b>TABLE</b>	<b>TITLE</b>	<b>PAGE</b>
1.1	Structure of Research	8
3.1	Krejcie and Morgan Table	39
4.1	Guideline for Cronbach's Alpha	45
4.2	Reliability Statistics for Pilot Test	46
4.3	Respondent's Gender	47
4.4	Respondent's Race	48
4.5	Respondent's Age Group	49
4.6	Respondent's Marital Status	50
4.7	Respondent's Employment Status	51
4.8	Respondent's Income Level	52
4.9	Average income of Malaysian in 2016	54
4.10	Respondent's Knowledge of OFD service	55
4.11	OFD Service User	56
4.12	Descriptive Analysis of Customers' Satisfaction	57
4.13	Descriptive Analysis of Service Quality	58
4.14	Descriptive Analysis of Website Quality	59
4.15	Descriptive Analysis of Food Quality	60
4.16	Result of Descriptive Analysis	61
4.17	The Range of Pearson's Correlation Coefficient	62
4.18	Result of Pearson's Correlation Coefficient Analysis	63
4.19	Overall Model Summary	65
4.20	Overall ANOVA	65
4.21	Overall Coefficients	66
4.22	Model Summary of Service Quality	67

<b>TABLE</b>	<b>TITLE</b>	<b>PAGE</b>
4.24	Coefficients of Service Quality	68
4.25	Model Summary of Website Quality	69
4.26	ANOVA of Website Quality	69
4.27	Coefficients of Website Quality	70
4.28	Model Summary of Food Quality	70
4.29	ANOVA of Food Quality	71
4.30	Coefficients of Food Quality	71
4.31	Outcome of Hypothesis Testing	73

**LIST OF FIGURES**

<b>FIGURE</b>	<b>TITLE</b>	<b>PAGE</b>
2.1	Service Quality Framework	14
2.2	Website Quality Framework	18
2.3	Food Quality Framework	22
2.4	Proposed Research Framework	26
3.1	Flow Chart of Research Process	31
4.1	Respondent's Gender	47
4.2	Respondent's Race	48
4.3	Respondent's Age Group	49
4.4	Respondent's Marital Status	50
4.5	Respondent's Employment Status	51
4.6	Respondent's Income Level	53
4.7	Respondent's Knowledge of OFD service	55
4.8	OFD Service User	56



**LIST OF ABBREVIATIONS AND SYMBOL**

<b>ABBREVIATIONS</b>	<b>MEANING</b>
OFD	Online Food Delivery
IV	Independent Variable
DV	Dependent Variable
WOM	Word of Mouth
H <sub>0</sub>	Null Hypothesis
H <sub>1</sub> , H <sub>2</sub> , H <sub>3</sub>	Alternative Hypothesis
SPSS	Statistical Package for the Social Science
CS	Customers' Satisfaction
SQ	Service Quality
WQ	Website Quality
FQ	Food Quality
ANOVA	Analysis of Variance

**LIST OF APPENDICES**

<b>APENDIX</b>	<b>TITLE</b>	<b>PAGE</b>
Appendix 1	Gantt Chart PSM 1	96
Appendix 2	Gantt Chart PSM 2	97
Appendix 3	Questionnaire	98

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

The aim of this research is to examine the relationship of three independent variables which include service quality, website quality, and food quality with the dependent variable which is customers' satisfaction towards online food delivery (OFD) service in Kuala Lumpur. In this chapter, the researcher discussed about the background of the study, problem statement, research objectives, research questions, the scope and limitation of the study, the significance of the study, structure of proposal, and followed by the overall summary of Chapter One.

## 1.2 Background of Study

The consumption of food and liquid is defined as ‘eating’, and it is a fundamental necessity to maintain life. According to Fairweather (2014), as one of the basic necessities of life, food not only providing energy and nutrients but it also has highly influence on the development of human. As mentioned by Recordati (2015), the needs of human beings towards food is transformed from farming and raising animals into undergoing barter system, in which exchanging food for other goods or to earn profits from them. This presented that food is vital in human life. In order to examine and develop better understanding on how people think about food is to analyzing the ways people express and talk about food (Blackburn, et al., 2018). Besides, people nowadays are continuously surrounded by a lot of promotions and advertisements about food products. This proved that the sources of food have continued to change over time and increased. (Recordati, 2015)

Since 2003, the explosive growth of online networking that allows people to connect and share information with others via the Internet becoming a major phenomenon in the new millennium (Moshman, 2012). As online networking is expanding widely, many people in worldwide are associating with each other to promote their products and services through the online platform. Therefore, businesses ought to partake in it (Evans, 2014). The Internet is a very effective tool for a company when it is used in a suitable manner. Besides, the Internet also enables the entrepreneurs to more understand customers by having interactive dialogue with them (Dinu, 2014). Besides, Shaqiri (2015) said that the advance of internet and technology has changed the people lives as well as the way how they do business. In order to capture more customers, they use information technology, introduce new products and services rapidly, and cooperate with suppliers and business partners from all around the world.

With the advance of technology, most of daily task can be done easier and quicker. Hirschberg et al. (2016) claimed that the food delivery business is undertaking fast revolution as new online platforms in order to attract customers. As customers nowadays are notoriously changeable, the food service industry should update with the latest trends such as sense of taste, fashion, and ease of access (Lee et al., 2017). By referring to previous researcher (Bickerton, 2015), technology supports in this development and with the explosive growth of wireless communication technology and the high utilization rate of the Internet, food service companies now depend on technology as a major information and marketing tool.

Today, many entrepreneurs in the food industry have started to use online marketing as a platform to promote their business by providing online food delivery (OFD) service to ease the customers (Hirschberg et al., 2016). Food delivery is a process of transporting goods and it improve people lives by making things easier. For example, people who are busy at work, people who do not have time to cook and people who are suffer in sick will order online food delivery to ease themselves. Thus, the researcher would like to study about the OFD service by identifying the elements that affect the satisfaction of customers and their utilization towards OFD service.

### 1.3 Problem Statement

With the advent of technology, peoples' life of quality has been improved, becoming easier and more convenient. As mentioned by Datuk Seri Nancy Shukri, a Minister in the Prime Minister's Department, Malaysia recorded 24.5 million of internet users in 2017 as compared to 2.5 million of internet users in 2006 (Povera, 2018). Moreover, many businesses change the way they operate as the Internet has become one of the most powerful forms of media (Kitthanadeachaorn, 2016). Based on Lee et al. (2011), with the expansion of the internet, entrepreneurs offered customers a quicker and cheaper approach to make purchase so that stay competitive in the market. One of the fastest growing forms of shopping is internet purchasing. (Grunert & Ramus, 2005).

Nowadays, as there is intensely competition among businesses, most of the organizations is conscious of they need to concentrate on their valued customers instead of competing on price (Sharmin, 2012). Technological advancements in the today's era have given the food delivery industry opportunities and shaped the food delivery industry. Furthermore, technological developments have changed customers' behaviour. The online platform makes it easier for customers to access various restaurants by visiting a single website or mobile application. At the same time, the market for food supplies is growing due to the change in customer behavior-time-dependent customers seeking comfort. (Kitthanadeachaorn, 2016).

However, food industries feel difficulty in achieving the customers' satisfaction in OFD service. Kitthanadeachaorn (2016) indicated that the perception of the customer about the short shelf life of food products and the unique process of purchasing food products in which most of them prefer to see the actual products before purchasing. According to Jessey (2017), online food delivery services had been complaint for their long delivery times and low quality of food due to cold conditions. Based on previous research studies, customers that purchase online is quite irritating to deal with service disappointments such as delivery delays, particularly after the online retailers have guaranteed that orders will be delivered on time (Wang et al., 2015). The delaying of delivery may leads to customer disappointment and will reduce their intention to buy. When they undergo delivery

delay, some of them will cancel their order and rather to purchase from other channels such as physical store.

In addition, Hong et al. (2016) clarified that the maintenance of OFD service product quality is problematic. The media have highlighted the difficult situations with the online food delivery, especially when it comes to cleanliness. For instance, Hangzhou Daily passed through 14 common online food delivery service platforms randomly in August 2014. Seven of them was discovered to be unclean and provide false addresses. These restaurants were not frequently supervised by the online food delivery platforms or the relevant government office. Thus, this showed that problems regarding of online food delivery service are critical and actually happen frequently. Therefore, this research aims to investigate the factors influencing customers' satisfaction towards their utilization on OFD service.

#### **1.4 Research Questions**

The following below showed the research questions for this research:-

- i. What are the factors that influence customers' satisfaction towards OFD service?
- ii. What is the relationship between the factors influencing customers' satisfaction towards their utilization on OFD service?

#### **1.5 Research Objectives**

This research targets to access the factors influencing customers' satisfaction towards OFD service. The following below showed the main objectives of the research:-

- i. To identify the factors influencing customers' satisfaction towards OFD service.
- ii. To investigate the relationship between the factors influencing customers' satisfaction towards their utilization on OFD service.