

**FACTORS INFLUENCE CONSUMER'S BUYING INTENTION TOWARDS  
ONLINE FOOD DELIVERY SERVICE IN KUALA LUMPUR, MALAYSIA**

**HONG KHEA LOONG**

**A thesis submitted in fulfilment of the requirement for the award of the Degree  
Bachelor of Technopreneurship with Honours**

**Faculty of Technology Management and Technopreneurship  
Universiti Teknikal Malaysia Melaka**

**JUNE 2019**

'I/ We hereby declared the work I/ We had read through this thesis and in my/ our opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technopreneurship'

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## DECLARATION

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

Signature :.....

Name : HONG KHEA LOONG

Date :.....

## **DEDICATION**

I would like to dedicate the appreciation to my beloved family especially my parents who always provide the support and encouragement to me in university life. Furthermore, I would like to dedicate to my supervisor and panel who offered valuable suggestion and guidance. Support from beloved friends and course mates are appreciated during the journey in completing the research.

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## ABSTRACT

The tendency of people ordering food outside or called as “*dabao*” has seen a significant rise over the past few years. The emergence of technology and online platform have boosted up and even changed the outside food ordering culture through online food delivery service. In other words, online food delivery service is a new way to make food-ordering via online. This research aims to investigate the factors that influence consumer’s buying intention towards online food delivery service. This research is mainly focused at Kuala Lumpur, Malaysia and three locations are selected in constructing this research. There are four variables include convenience factor, time-saving orientation, information availability and web/apps design quality in which researcher intends to investigate throughout the research. The Technology Acceptance Model (TAM) is adopted in this research to examine the acceptance of consumer’s towards new technology. Besides, quantitative data have been applied in this research to collect the responds from 150 respondents through questionnaire. Software Package for Social Science (SPSS) system is applied in this research to analyse the collected data. The data analysis techniques that conducted in this research are the descriptive analysis, Pearson correlation and multiple regression analysis to determine the relationship and significant level of the mentioned factors towards the consumer’s buying intention in making food-ordering through online. The results proved that all the four independent variables are having different relationship and significant level towards the dependent variable. Convenience factor is the most influential factor and all research objectives are achieved in this research. Implication and recommendation for further study are also mentioned in this research.

## ABSTRAK

*Kecenderungan pengguna yang membeli makanan luar atau dipanggil sebagai "dabao" telah menunjukkan peningkatan yang ketara sejak beberapa tahun yang lalu. Kemunculan teknologi dan platform atas talian telah meningkatkan dan bahkan mengubah budaya makanan tempahan luar melalui perkhidmatan penghantaran makanan atas talian. Dengan kata lain, perkhidmatan penghantaran makanan atas talian adalah cara baru untuk membuat pesanan makanan melalui platform atas talian. Penyelidikan ini bertujuan untuk mengkaji faktor-faktor yang mempengaruhi pengguna untuk menggunakan perkhidmatan penghantaran makanan atas talian. Kajian ini tertumpu di Kuala Lumpur, Malaysia dan tiga lokasi telah dipilih dalam penyelidikan ini. Terdapat empat faktor termasuk faktor keselesaan, faktor penjimatan masa, faktor maklumat dan kualiti reka bentuk web dan aplikasi di mana penyelidik berhasrat untuk menyiasat sepanjang penyelidikan ini. Model Penerimaan Teknologi (TAM) telah digunakan dalam kajian ini untuk meneliti penerimaan pengguna terhadap teknologi yang baru. Selain itu, data kuantitatif telah digunakan dalam kajian ini untuk mengumpulkan data daripada 150 responden melalui soal selidik. Sistem Pakej Perisian untuk Sains Sosial (SPSS) telah digunakan dalam kajian ini untuk menganalisis data yang dikumpul. Teknik analisis data yang dilakukan dalam kajian ini adalah analisis deskriptif, korelasi Pearson dan analisis regresi berganda untuk menentukan hubungan antara faktor-faktor yang diterangkan dan penggunaan terhadap perkhidmatan penghantaran makanan atas talian. Hasil ini telah membuktikan bahawa empat faktor mempunyai hubungan dan tahap mustahak. Faktor keselesaan adalah faktor yang paling berpengaruh dan semua objektif penyelidikan dalam kajian ini telah dicapai. Implikasi dan cadangan untuk kajian lanjut juga disebutkan dalam kajian ini.*

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**LIST OF ABBREVIATION**

ANOVA	= Analysis of Variance
CF	= Convenience Factor
CI	= Consumer's Buying Intention
DQ	= Web/ Apps Design Quality
DV	= Dependent Variable
IA	= Information Availability
IV	= Independent Variable
OFD	= Online Food Delivery
SPSS	= Statistical Package for Social Sciences
TAM	= Technology Acceptance Model
TS	= Time-Saving Orientation

**LIST OF SYMBOLS**

$H_0$	= Null Hypothesis
$H_1$	= Alternative Hypothesis
$\beta$	= Beta
$\alpha$	= Constant
R	= Correlation Coefficient
$R^2$	= Coefficient of Determination

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of Study

Food industries today need to keep updating the changing of taste, packaging, and ease of access as consumers are notoriously fickle in selecting food (Yeo et al., 2017). The rise of technology has made a huge impact in this process. The high usage of Internet and wireless communication technology allow food business to rely on technology as major information source and marketing tool (Yeo et al., 2017). Online food delivery is one of the services that rely on technology. Most of the food delivery orders are done through online platform. The role of online platform is to connect consumers and producers, allowing trades to be happened between both parties (Oxera, 2015). Consumers can make food order through online platform either Internet or mobile apps on smartphone.

Restaurants need to be apparently matched with the consumer's needs in order to survive in today's evolving food industry. As people are constantly seeking for convenience in today's fast-moving world, food has no exception. Consumer, especially businessmen and workers in town intend to receive food in faster and convenience way since time is money (Waka, 2015). Online food delivery might be an additional service provided by restaurant to consumer. The food industry is a saturated market and through providing Online food delivery service might add competitive advantage to restaurant

(Yeo et al., 2017). Informative menus, cashless payment method and fast delivery might encourage consumer to choose online food delivery service as alternative.

According to report provided by New Strait Times, Malaysia's internet penetration has increased to 85.7 per cent from 70.0 per cent in 2015 (Alzahrin, 2018). Although the number of users is lower than in China, the increase in percentage within recent years show that Malaysian are generally more applicable to e-commerce. In China, there are around 800 million internet users and 71 per cent of the people are using e-commerce service (Russell, 2018). Amount these numbers, consumer ordering food though online platform is increasing, and more food industries and restaurants are involving in this opportunity (Yuan, 2018).

Reason encouraging consumers to buy from online medium is important for food retailers. Instead of boosting stream of revenue (GrubHub, 2015), online delivery service may act as marketing tool for restaurant to expand current customer base. The alternative service might satisfy consumer through giving consumer an extra choice to dine at home without cooking and washing dishes.

Even though online food delivery service is still a new trend in food industry, but the number of users is steadily increasing (Statista, 2018). The online food delivery service does exist and the motivation factors to influence consumer intention to use and adapt as an alternative choice is the purpose of this study.

## 1.2 Problem Statement

The tendency of people ordering food outside has seen a significant rise over the past few years (Cherian, 2017). Generally, people are ordering food through phone call. However, sometimes it might find difficulty to order food through phone call since the source of information of food is so limited. Problems include misunderstanding and wrong order might occur through phone call sometimes (Tetreault, 2015). Ordering food through phone call does not have a menu to view. Choices are limited based on only the knowledge of the consumer.

Moreover, people nowadays are too busy with overload works and sometimes find so hard to have a proper meal in proper time. According to a survey taken by Mahdaoui (2017) in United Kingdom, 1 in 3 people never leave their workplace during the day and 56% of surveyed employees never take their full lunch break. The surveyed employees justify that they skipped lunch because of overload and unexpected tasks to handle in today's frantic and pressured-filled workplace.

In addition, the changing lifestyle makes home cooking even lesser. According to the "Eating Patterns in America" from NPD Group research shows that there is a downward trends of home cooking dinner eaten at home (Ferdman, 2015). Planning a meal takes time, food preparation takes time, serving takes times, and washing dirty dishes takes time (Saito, 2013). Food has no exception in today's fast-moving world as people are always seeking for convenience. Eating three meals a day is the normal norms for regular people. However, not everyone can afford to spend time enjoying the art of cooking for every single meal (Waka, 2015).

Hence, it is necessary for researcher to have an in-depth finding on consumer intention to choose online food delivery service as an alternative. This study aims to investigate the factors that influence consumer's buying intention towards online food delivery in Kuala Lumpur, Malaysia.

### **1.3 Research Question**

The following are the research questions which are important in this study:

1. What are the factors that influence consumer's buying intention towards online food delivery service in Kuala Lumpur, Malaysia?
2. Is there any relationship between the factors that affect the consumer's buying intention in making food-order through online food delivery service?
3. Which factors influence the most on consumer's buying intention towards online food delivery service in Kuala Lumpur, Malaysia?

### **1.4 Research Objective**

1. To determine the factors that influence consumer's buying intention towards online food delivery service in Kuala Lumpur, Malaysia.
2. To identify the relationship between the factors affect consumer's buying intention in making food-order through online food delivery service in Kuala Lumpur, Malaysia.
3. To investigate the most influencing factor on consumer's buying intention towards online food delivery service in Kuala Lumpur, Malaysia.

### **1.5 Scope and Limitation of Study**

The research is mainly focused on the factors that affect consumer buying intention towards online food delivery service in Kuala Lumpur, Malaysia. Kuala Lumpur, Malaysia is selected as the location to be conducted in this study due to the online delivery service is currently trending in the city. Massive food delivery services are emerging in Kuala Lumpur City include the GrabFood, Foodpanda, DahMakan, DeliverEat and other fast food restaurant delivery (Wedapao, 2016). Three locations in Kuala Lumpur city will be chosen to conduct in this research include KL City Centre, Bukit Bintang, and Brickfields. The respondent selection is aimed on the age range in between 22 to 37 years old or normally known as millennials. Data and information obtained from these millennials are adequate and comprehensive as these people interact and communicate most with the technology and Internet.

The limitation of this research includes geographical factor. This research is only conducted in the selected cities in Kuala Lumpur since the online food delivery service is still new to the market. Other cities in Malaysia such as Melaka City, Johor Bahru and Ipoh are immature and less in dealing with the online food delivery service.

In addition, it might hardly to acquire the accurate and valid data. Sometimes, respondent may lie due to social desirability. It might be difficult in identifying whether the data in questionnaire collected was answered honestly by targeted respondent. Furthermore, the limitation of research includes the accessing of secondary information. Some journals and reports online required payment in advance for further study.

Lastly, language problem might be a problem in this research. The questionnaire is only designed in English version. This might cause confusion and misunderstanding in respondent while answering the questionnaire given by researcher. Thus, researcher has to explain the concept and meaning of questions to respondent by using familiar language.

## **1.6 Importance of Research**

Online food delivery service is expanding. It might be an opportunity for most restaurants to adapt this technology since the service might assist restaurant in generating more food orders. The appearance of millennials (group of people aged in between 22 to 37) might create more opportunities in this service because they are mostly seeking convenience in today digitalized living situation. Being digitally accessible is now more important than ever for restaurant to succeed (GrubHub, 2015). Therefore, it necessary to conduct a research to investigate the relationship between online food delivery service and consumer buying intention in ordering meal. The online delivery service does exist and the factors that motivate consumer to choose online food delivery service as alternative are required to determine in this research. The consumer's buying intention in choosing online food delivery service might give reflection towards this service as marketing tool for food retailers to expend their business. Thus, the research is conducted to figure out the answer.

## **1.7 Summary**

Researcher is emphasized on the consumer buying intention towards online food delivery service in meal ordering in Kuala Lumpur, Malaysia. In addition, researcher would identify the relationship between online food delivery service and consumer's buying intention when making order of meal. This chapter provides an introduction for the overall topic. It has introduced the background of study, problem statement, research questions and research objective. Scope, limitation and importance of research are covered by this chapter as well.