THE DETERMINANTS OF ONLINE FOOD DELIVERY APPS AMONG FOOD AND BEVERAGE BUSINESS OWNERS IN JOHOR

TAN WOAN CHYI

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

APPROVAL

I/ We acknowledge that have read this report and on my/ our view this report is sufficient in term of scope and quality for purpose for the certificate of Bachelor of Technopreneurship with Honours (BTEC)

Signature   :   …………………………………

Name of Supervisor :   …………………………………

Date   :   …………………………………

Signature   :   …………………………………

Name of Panel   :   …………………………………

Date   :   …………………………………

THE DETERMINANTS OF ONLINE FOOD DELIVERY APPS AMONG FOOD
AND BEVERAGE BUSINESS OWNERS IN JOHOR

TAN WOAN CHYI

This report submitted in fulfilment of requirement for the degree of Bachelor of
Technopreneurship with Honours (BTEC)

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

June 2019

DECLARATION OF ORIGINAL WORK

I, Tan Woan Chyi, (I/C Number: 950426-01-7862)

"I am hereby to declare that the work of this exercise is mine except for the quotations and summaries that have been duly acknowledge."

Signature : …………………………….

Name : …………………………….

Date : …………………………….

DEDICATION

This research paper is dedicated.

To my loving parents, Mr. Tan Kim Chok and Mrs. Ng Me Peng, who always inspired me. They gave me unconditional love and support in finishing my studies. As my parents, I am honored to have them. My special thanks go to all my family, especially my siblings and my aunt, who always helped and encouraged me when I was faced with problems.

Profesor Madya Dr Norain Binti Ismail, my supervisor that has been guiding and giving me the moral support that I required.

Finally, I am so thankful to all my friends for having all of them. I may not have the opportunity to enjoy my university life without their guidance, sharing and encouragement.

ACKNOWLEDGEMENT

First of all, I would wish to express my sincere gratitude to my supervisor, Profesor Madya Dr Norain Binti Ismail who had kindly given me guidance, advices and encouragement to complete this report. Without the guidance of Profesor Madya Dr Norain Binti Ismail, I could not finish my research paper.

Then, I sincerely thank my parents, namely Tan Kim Chok and Ng Me Peng who always providing me a lot of the love and support when conducting this report in the time. The support that my parents gave allow me to succeed my research with full of confident.

Next, I would like to thank all of my friends who helped me and assisted me with this research paper. Guidance, cooperation and encouragement by my friends help me to finish this paper when facing the problems. Their encouragement was important to me because it provided confidence to me for finish my research paper.

Finally, my special thanks to all the people who helped me directly or indirectly and who contributed to the completion of this report. I would like this research paper to be useful not only to me, but also to those who need the information in the future.

ABSTRACT

Nowadays, the online food delivery Apps platforms are developing and expanding as it choice to fulfil the demands of the food and beverage market. The online food delivering service is a new method for the business owners to delivery their food or beverages which to response the rapid change of the information technology and the customers preferences in the market. So, the purpose of this research was to identify determinants and the challenges which contribute towards online food delivery Apps among the food and beverage business owners in Johor. In this research, the qualitative research method was used and conducted through the semi-structured interview in order to study which determinants are impactful in online food delivery Apps among the food and beverage business owners. In the conclusion, the perceived of usefulness, perceived ease of use and perceived of system quality were the identified determinants by the business owners. However, the perceived of usefulness was the most impactful determinant which contribute towards online food delivery Apps among the food and beverage business owners. However, the instability of economic and increase competitor, instability consumer and unsuitable food delivery fees are the challenges in using online food delivery Apps among business owners. The suggestion for improvement in using online food delivery Apps also had been stated which included tracking system, payment system, notification system, ordering system and advertising with promoting. In others word, the online food delivery Apps provides a lot of advantages towards the business owners in their business.

Keywords: Online food delivery Apps, Determinants, Food and Beverage, Business Owners

ABSTRAK

Pada masa kini, platform aplikasi penghantaran makanan dalam talian sedang berkembang sebagai pilihan untuk memenuhi permintaan pasaran makanan dan minuman. Perkhidmatan penyampaian makanan dalam talian adalah kaedah baru bagi pemilik perniagaan untuk menyampaikan makanan atau minuman mereka terhadap perubahan pesat teknologi maklumat dan keutamaan pelanggan di pasaran. Oleh itu, tujuan penyelidikan ini adalah untuk mengenal pasti faktor dan cabaran berkesan yang menggunakan aplikasi penghantaran makanan dalam talian antara pemilik perniagaan makanan dan minuman di Johor. Dalam kajian ini, kaedah penyelidikan kualitatif telah digunakan dan dijalankan melalui temuramah separa berstruktur untuk mengkaji factor yang mempengaruhi aplikasi penghantaran makanan dalam talian antara pemilik perniagaan makanan dan minuman. Kesimpulannya, kegunaan, mudah digunakan dan kualiti sistem adalah pilihan pemilik. Walau bagaimanapun,, kegunaan adalah pilihan yang terbanyak kepada aplikasi penghantaran makanan dalam talian di kalangan pemilik perniagaan makanan dan minuman. Ketidakstabilan pesaing ekonomi dan peningkatan pesaing, ketidakstabilan pegguna dan yuran penghantaran makanan yang tidak sesuai adalah cabaran dalam menggunakan aplikasi penghantaran makanan dalam talian di kalangan pemilik perniagaan. Cadangan untuk penambahbaikan dalam menggunakan Apps penghantaran makanan secara dalam talian juga telah dinyatakan termasuk sistem penjejakan, sistem pembayaran, sistem pemberitahuan, sistem tempahan dan pengiklanan dengan mempromosikan. Dalam kata lain, aplikasi penghantaran makanan dalam talian memberikan banyak kelebihan ke arah pemilik perniagaan dalam perniagaan mereka.

Kata kunci: Aplikasi penghantaran makanan dalam talian, Faktor, Makanan dan Minuman, Pemilik Perniagaan

TABLE OF CONTENTS

CHAPTER 4 FINDINGS AND ANALYSIS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

MCMC	Malaysian Communication and Multimedia Commission
GDP	Gross Domestic Product
E&E	Electronic Standards
F&B	Food and Beverages
MSIC	Malaysia Standards Industrial Classification
SMEs	Small and Medium Enterprises
B2B	Business-to-business
B2C	Business-to-consumer
C2C	Consumer-to-consumer
C2B	Consumer-to-business
TRA	Theory of Reasoned Action
TPB	Theory of Planned Behaviour
TAM	Technology Acceptance Model
UTAUT	Unified Theory of Acceptance and Use of Technology
PEOU	Perceived Ease of Use
PU	Perceived Usefulness
TR	Technology readiness
UTeM	Universiti Teknikal Malaysia Melaka

LIST OF APPENDIXES

CHAPTER 1

INTRODUCTION

1.0   Introduction

To response the rapid changed of the customer demographic composition, labour forced participation, information technology and time needs in the working environment, it had generated needs as well as opportunities for the food retailing industry to delivery their food or beverages using a new alternative technique (Hossain and Adelaja, 2000). So, the online food delivery platforms are developing and expanding its choice to fulfil the demands of the food delivery market. It enables the customers to order the food from different of restaurants with a single tapped of their mobile phone which allowing the business owners to capture the customers and the markets (Hirschberg et al., 2016).

The online food delivering also could meet the expectations of the busy customers living in the town who put their ordered online and able to receive the delivery within a few minutes only (Kedah et al., 2015). Meanwhile, the participation rate of Malaysia's women in the workplace was increasing which from 52.4 percent (52.4%) in 2013 to 53.6 percent (53.6%) in 2014 (Labour Force Survey Report, Malaysia, 2014). So, it can evidence that most of the women and household least time to cook in their home and the level of demands for online food delivery service became more important.

Different from the traditional delivery system that the take-out food need to delivery independently by the variety restaurant's staff, different merchants registered in this area and it could divide the capital of professional delivery staffs to decrease the cost of delivery (Liu et al., 2017). By the traditional delivery method, the efficiency of the delivery will be reduced and the delivery requested will took longer time. In opposite, the online food delivery method able to overcome the problems that faced directly by the traditional method. So, the business owners should took this chances that were considered as a new source of income generation (Kwong et al., 2017). It also believes that the online food delivery system enables their business survey in this competitive market which compatible with the business model.

The food and beverage industry in Malaysia had been the target with a new wave which was an online food delivery system. For the example, DeliverEat was Penang based start-up company and begun in 2012. It had assured USD\$450,000 in a pre-Series A funding from Gobi MAVCAP ASEAN SuperSeed Fund in early 2017. It also becames the top and popular online food delivery Apps in Penang (Milo, 2018). So, the business owner essential aware of the changes happening in the customer's trend and preference as it still remains dynamic. Therefore, the owners could grab this opportunity to cooperate with the third-party online food delivery service provider for outsourcing their foods in a different segment of customers.

1.1 Background

In this advanced technology, the internet is important and assisting nearly every aspect in life which includes the healthcare, education, business and also others fields. The percentage of internet users was 76.9% in 2016 and there were 24.5 million internet users which an increase from 24.1 million in 2015 (MCMC, 2017). Nearly all internet users preferred to access the internet for the purpose of online activities. By using the internet, users can enhance the ways of getting information, entertaining, communication, socializing and also involves economic activity. Then,

there were only 56.3% of the users using the internet in the work-related area and 18.3% involved in selling goods or services (MCMC, 2017).

Internet technology is a pathway for business communication between owner and customers. Online business ideas are new methods for business development and help in expanding customer segmentation. To direct the customers match to the business owner's doorstep, the business could apply the mobile internet access to success it (Lazzari, 2018). This method could create a positive review and easily access toward their customers to reach for the high performance. In this highly competitive market, the internet could grow up the business, achieve the goals and became successful in marketing (Kumar, 2016).

So, online food ordering had become popular and it became a new wave hit by the food and beverage industry in Malaysia by the development of internet technology. Initially, the food delivery business is expanding rapidly and those in the food and beverage sector tend to make billions very faster. It also considers as one of the fastest-growing areas for delivery services in the food industry in Malaysia. Firstly, the customer order can be made through a restaurant's Apps, the delivering man will pick up the order and deliver the food directly to the customers whether in the home or at work.

So, there is some advent of food delivery Apps has started aggressively in Malaysia such as Halo, UberEats, GrubHub, DeliverEat and Foodpanda. For example, Foodpanda was an express food delivery service provider which saw its best performance in 2017 and hitting a 100% growth in orders generated in Malaysia (Rosli, 2018). The goal for this delivery Apps is to provide food delivery services from restaurants which do not offer delivery by themselves. So, their loyal customers can still enjoy the foods at any time without having to go to the restaurant.

To access the internet (89.4%), the smartphone has remained the most favoured for the users which can be creating a mobile-oriented society in Malaysia. Not others than that, there were 28.5 million mobile broadband subscription compared to 2.5 million fixed broadband subscriptions in 2016. (MCMC, 2017).
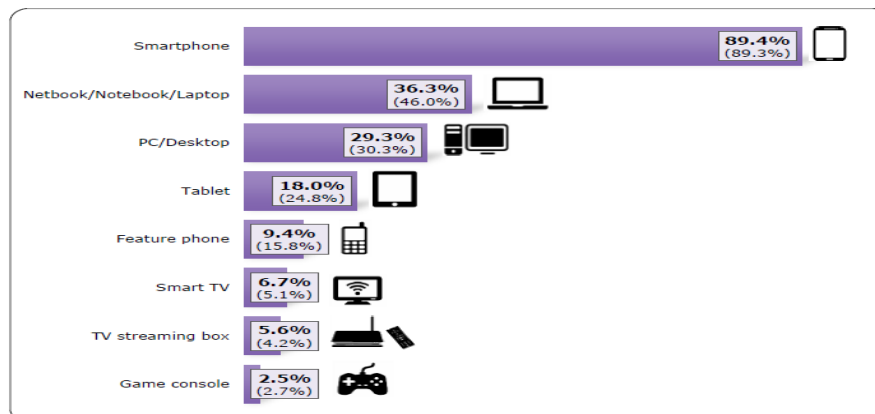
Figure 1.1: Percentage of device used by internet users

(Source: Internet Users Surveys, 2017)

Before the smartphone was introduced, the people need to call a business to order their food which can cause wasting of the calling fees. But nowadays, with the advances of mobile technology and development for the high demand for delivery Apps, the people could easily to order online with any desired place for delivery (Horbenko, 2018). The business owners also need to create the greatest on-demand food delivery Apps to global success in this competitive food delivery services. Then, the Apps needs to have all of the right features, user-friendly design, functionality and supported by smart infrastructure. Malaysia has also witnessed a spike in food delivery start up swarming the battlefields of the food delivery industry in 2017. For example, Foodpanda has a growth rate of between 60 to 70 percent since this established in 2012 while it hit the 100 percent growth in 2017 (Rosli, 2018) Therefore, the company trust that the achievement was possible over the fact of keeping the pole position in the food delivery market share at an indicative 92 percent in Malaysia.

Lastly, the market size of food delivery was expected to expand to an annual revenue of USD$956 million which considers as one of the fastest growing sectors in the market (Milo, 2018). Consequently, food and beverage business owner can sign up with the third parties of food delivery company such as the Halo, GrubHub or Uber Eats to delivery foods through the Apps. Business owners enable to reach their customers, gain exposure and construct a new channel for increasing their sales. Besides that, online food delivery Apps also can be referred as a form of marketing which helps business owners to expose potential new customers.

1.2   Problem Statement

Food delivery service becomes popular in Malaysia and it is known as the new source of revenue generation. 50.8 percent (50.8%) of people using food delivery service because they preferred not to cook, as it allows customers to have meals delivered straight to their home or office in less than an hour (Kimes, 2011). Besides that, from 1999 to 2003, the food home delivery or takeaway has also increased by 60 percent (60%) of the unit due to increased work schedule is quite compact among Malaysians (Lee, 2006). Then, 80 percent (80%) of market share stills depends on the traditional business model while only 20 percent (20%) adopting on the online food delivery business model to grow their on-demand sales (Goieso, 2018). So, the implementation of technology for business owners is very important for business development. The owner should expand their business by outsourcing food delivery service to third-party online food delivery service provider. The business owner needs to grab this opportunity for maximizing profit and increase the market share in the food and beverage industry.

So, if the owners do not adapt in this digital age, the business owners may gravely be misunderstood the new ways consumers wanted to interact with their foods, the technologies involved and the market forces surrounding them. The owners also will have a difficult time to survive and limit the customer segmentation for expanding the business. By using the traditional method, it arises a lot of human error while the restaurant's employees deal with a large amount of customers, this issue will be a great impact to the restaurant in terms of profitability (Leong, 2016).

Furthermore, the food quality through the delivery has considered as a precursor of customer satisfaction. Although the food quality is different from service quality, it characteristics such as the fresh, healthy, delicious and well-presented which are influential determinants for the customers to be satisfied and make their decisions to purchase again. The reputation of business owners also effects directly from the food quality. In opposite, if the reputation of the business cannot be protected perfectly in this fierce competition market, the failure of the business may occur. Then, the business owner will face difficulties in expanding the business and survive in this market.

1.3   Research Questions

There are three research questions for this study.

1. What are determinants that contribute towards online food delivery Apps among the food and beverage business owners?

2. What are challenges that contribute towards in online food delivery Apps among the food and beverage business owners?

3. What are the guidelines for online food delivery Apps which can be improved among the food and beverage business owners?

1.4   Research Objectives

There are three objectives for this study.

1. To identify determinants which contribute towards online food delivery Apps among the food and beverage business owners.

2. To investigate challenges which contribute towards online delivery Apps among the food and beverage business owners.

3. To suggest the guidelines for online food delivery Apps which can be improved among the food and beverage business owners.