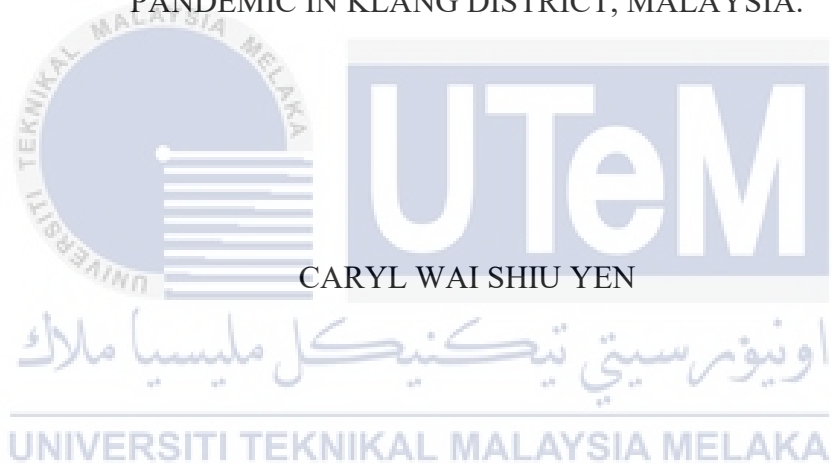UTeM

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

ANALYZING THE FACTORS AFFECTING CUSTOMER SATISFACTION
WITH ONLINE FOOD DELIVERY SERVICE DURING THE COVID-19
PANDEMIC IN KLANG DISTRICT, MALAYSIA.

CARYL WAI SHIU YEN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

SUPERVISION DECLARATIONS

I hereby acknowledge that this project paper entitled '' ANALYZING THE FACTORS AFFECTING CUSTOMER SATISFACTION WITH ONLINE FOOD DELIVERY SERVICE DURING THE COVID-19 PANDEMIC IN KLANG DISTRICT, MALAYSIA'' was prepared by CARYL WAI SHIU YEN (B061910158) has meet the required standard for submission in partial fulfillment of requirement for the award of Bachelor (Hons) of Technology Management (Technology Innovation) with honors (BTMI) at University Teknikal Malaysia Melaka.

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ANALYZING THE FACTORS AFFECTING CUSTOMER SATISFACTION WITH ONLINE FOOD DELIVERY SERVICE DURING THE COVID-19 PANDEMIC IN KLANG DISTRICT, MALAYSIA.

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This thesis is submitted in partial fulfillment of the requirements for the award of Bachelor of Technology Management (Technology Innovation) with Honors (BTMI)

Faculty of Technology Management and Technopreneurship
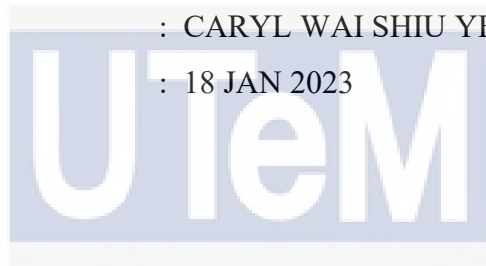Universiti Teknikal Malaysia Melaka

18 JAN 2023

DECLARATION OF ORIGINAL WORK

I hereby declare that all the work of this thesis entitled "ANALYZING THE FACTORS AFFECTING CUSTOMER SATISFACTION WITH ONLINE FOOD DELIVERY SERVICE DURING THE COVID-19 PANDEMIC IN KLANG DISTRICT, MALAYSIA." is original done by myself and no portion of the work encompassed in this research project proposal has been submitted in support of any application for any other degree or qualification of this or any other institute or university of learning.

SIGNATURE   : *Caryl*

NAME   : CARYL WAI SHIU YEN

DATE   : 18 JAN 2023

DEDICATION

I would like to express my gratitude for my loving family members' effort to educating and motivating me to complete my education to the degree level. Also, I want to express my gratitude to DR. L. Ganagambegai, who is also my supervisor for my final year project, and my fellow classmates. Throughout my research, they have offered me complete guidance, support and counsel. This research would be impossible to complete in a timely manner without their blessing and encouragement.

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ABSTRACT

In Malaysia, the online food delivery service industry is expanding and has a promising future. Customers are requesting takeout food delivered in parallel with government standard practise in the Covid-19 pandemic, since social isolation has becoming the new norm. Using a quantitative method, the study investigates the factors affecting customer satisfaction with online food delivery services in Klang District, Malaysia during the covid-19 pandemic. A measurement tool in the form of a questionnaire was employed to complete this study, and the survey was given to respondents who are living in Klang district. The information was gathered from a convenience sample of Klang district customers who had utilised an online food delivery service. Price, promotion, e-service quality, food quality, and satisfaction are the five constructs in the survey.
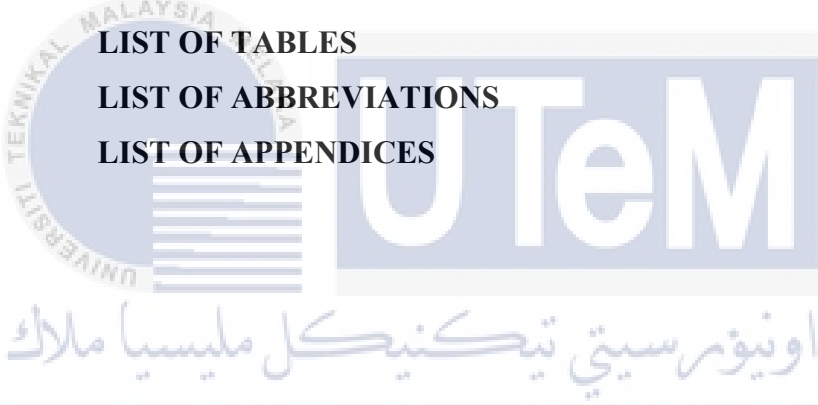
Keyword: Customer Satisfaction, Online Food Delivery, Covid-19, Price, Promotion, E-Service Quality, Food Quality

ABSTRAK
BAHASA MALAYSIA VERSION

Di Malaysia, industri perkhidmatan penghantaran makanan dalam talian semakin berkembang dan mempunyai masa depan yang cerah. Pelanggan meminta makanan bawa pulang dihantar selari dengan amalan standard kerajaan dalam pandemik Covid-19, memandangkan pengasingan sosial telah menjadi norma baharu. Menggunakan kaedah kuantitatif, kajian menyiasat faktor yang mempengaruhi kepuasan pelanggan dengan perkhidmatan penghantaran makanan dalam talian di Klang, Malaysia semasa pandemik covid-19. Alat ukuran dalam bentuk soal selidik telah digunakan untuk melengkapkan kajian ini, dan tinjauan telah diberikan kepada rakyat Malaysia yang tinggal di Klang. Maklumat itu dikumpul daripada sampel kemudahan pelanggan Klang yang telah menggunakan perkhidmatan penghantaran makanan dalam talian. Harga, promosi, kualiti perkhidmatan, kualiti hidangan dan kepuasan adalah lima konstruk dalam tinjauan.

Kata kunci: Kepuasan Pelanggan, Penghantaran Makanan Dalam Talian, Covid-19, Harga, Promosi, Kualiti Perkhidmatan, Kualiti Makanan

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LIST OF ABBREVIATIONS

OFD	Online Food Delivery
SPSS	Statistical Package for Social Science

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

This chapter will go over the study's overall format which includes of 1.1 introduction, 1.2 background of the study, 1.3 research's problem statement which will be expressed and addressed, followed by 1.4 research question and 1.5 research objectives. Furthermore, 1.6 significance of the study, 1.7 scope of the research and 1.8 limitation will also be covered in this chapter. Finally, 1.9 summary of chapter 1 will be provided.

1.2 BACKGROUND OF STUDY

By definition, online food delivery services are food delivery transaction carried out by portable mobile device, such as our smartphones or any personal digital assistants. The online food delivery industry is steadily gaining popularity in Malaysia. Particularly in view of the new Covid-19 pandemic standard of procedure, citizens are extremely involved when utilising online food ordering services. Utilizing online food delivery services is a one of the time-saving purchases to make in food. In that it must appeal to and fulfil consumer desires, online food delivery is like online shopping. Online food delivery services has ultimately altered consumers' purchasing behaviours (Troise, 2020).

The market for online delivery services is widely available worldwide. In 2020, online delivery service revenue will top $136.431 billion USD. By 2024, the global market is anticipated to increase by 7.5%, reaching 182.327 trillion US dollars. Thus, the online delivery services sector has emerged with food industry as it is fastest-growing sector in this recent years.

Online food delivery was a rising practise in Malaysia's urban districts prior to the Covid-19 outbreak, helped by technological firms. Since 2017, online food delivery businesses have expanded throughout Malaysia, including in Selangor, Penang, Malacca, Kuching, Ipoh, and Johor Bahru. There are numerous options for ordering food, including FoodPanda, Uber Eats and LalaFood. The most intense rivalry among them is that between FoodPanda and GrabFood. These online food delivery services are currently only accessible in urban areas. To lower costs while increasing the number of customers, marketing executives, academics, and even the retail sector are continually improving the online meal delivery services. The applications for the online meal delivery services are mostly attracted new users due to the advantages they offers within the application.

With the click of a button, users using online food delivery service application can buy food and beverages in addition to almost anything else they could need. Customers can place orders online or over the phone without leaving the house. Customers may utilize these apps to look up all the restaurants in their area, browse the menu, and place orders for the food and drinks they desire. In order to make purchases even simpler, digital payment methods has been integrated within the application via a safe payment gateway. Many restaurants are now adopting online meal delivery service applications as a result of this new behaviour in an effort to attract customers and increase brand exposure. However, when using online food delivery service applications, customer satisfaction is not solely based on price. Promotion, service standards, and food quality are just a few of the factors that have an impact on customer happiness.

1.3 PROBLEM STATEMENT

During these few years of COVID-19 pandemic, the online food delivery services are commonly employed, especially in developing countries like Malaysia. In order to maintain social distance and prevent infections, consumers in Malaysia have increased their usage of online ordering and meal purchases, with online sales rising by 90% between February and March. Apps and platforms for ordering takeout and doing your grocery shopping have grown in popularity. Online food delivery services bring in money for restaurants while also giving delivery drivers jobs (Li, Mirosa, & Bremer, 2020). More people are embracing online food delivery services as their newest standard as they grow faster than ever before (Hadi Mohamad, Athirah Hamzah, Ramli, & Fathullah, 2020). The online food delivery industry has gained greater attention globally as a result of its also featuring contactless ordering and delivery method and its keep attracting more new clients (Maida, 2020). However, it is found that it is difficult to connect with the nation's senior citizens (Norshita Mat Nayan, Mohd Khairul Azmi Hassan, 2020). An article by claims that customer satisfaction is a key factor in what makes online meal delivery services stick out (Tan Hui Kok and Vincent Wee Eng Kim, 2021). Online food delivery services must live up to customer expectations in order to survive in this tough industry. In addition, little is known about how users feel about mobile food applications despite the fact that ordering food through mobile applications plays a significant role in the overall restaurant industry (Faten Mohamed Hussien and Neveen Mohamed Mansour, 2020). Additionally, a piece written by Yogi Tri Prasetyo, released in 2021 is also worth mentioning. Despite the fact that there are research on consumer satisfaction with online food delivery services, according to Ngurah Perwira Redi, there has been a notable lack of attention paid to this topic in the COVID-19. Additionally, there is a high competition among different online food delivery services (Yi Hsu and Thi Loan Le, 2021).

1.4 RESEARCH QUESTION

The goal for this study is to learn about the independent variables influencing consumer satisfaction towards food delivery services. To ascertain the outcome of the guideline, the following research concerns will be addressed:

RQ1: Does a significant relationship between price, promotion, food quality, e-service quality and customer satisfaction in online food delivery services?

RQ2: What is the most important factor affecting customer satisfaction using online food delivery service?

1.5 RESEARCH OBJECTIVE

The research questions will be periodically reviewed throughout the research period in order to achieve the research objectives in order to produce accurate and meaningful results. The objectives are as follows:

RO1: To investigate the relationship between price, promotion, food quality, e-service quality and customer satisfaction using online meal delivery services.

RO2: To determine the most important factor that influences customer satisfaction using online food delivery services.

1.6 SIGNIFICANT OF STUDY

Restaurant revenues have decreased and there have been job losses as a result of the current coronavirus outbreak (COVID-19), compared to other industries. The millions of workers in the restaurant business have been significantly impacted. Online food delivery services have become more common, bringing food and drinks to clients' doorsteps as eateries battle to stay afloat. Restaurants are improving their

capacity for online food delivery to clients. On the other hand, achieving customer satisfaction is challenging without a detailed understanding of customer behaviour.

The study's findings may help online food delivery investors, IT specialists, and even academics better understand consumer behaviour and the factors that affect customers' satisfaction with these services. This will provide them the ability to make the required adjustments and enhance their offerings, which will raise consumer satisfaction.

1.7 SCOPE OF STUDY

The current study's sole objective is in Klang-based consumers. Customers who had used the food delivery services online during the COVID-19 pandemic in Klang district are the primary focus to be the target respondents. To complete the survey, respondents will be notified via Google Form. The study's objective is to assess how factors like price, food quality, promotions, and e-service quality affect customers' satisfaction with online food delivery services during the epidemic in Klang district in Malaysia

1.8 LIMITATION

There are several restrictions on how this research can be conducted. Researchers will initially gather data using quantitative tools like questionnaires. Because they can only ask people who used online food delivery service where research study have limited access to respondents. Additionally, the present poll's components all use 5-point Likert scales, which prevent respondents from going into great detail about their answers. By solely conducting surveys in Klang region, this study also has a constrained geographic scope. Finally, in order to get additional information about the factors that affect customer satisfaction, the poll is only accessible to those who have used an online food delivery service.

1.9 SUMMARY OF CHAPTER 1

The study looks at the factors affecting Malaysian consumers' satisfaction with online meal delivery services during the COVID-19 pandemic in Chapter 1. Finding the variables that may have an impact on consumer satisfaction during the COVID-19 epidemic is the primary goal of this study.

The problem claims that it has had difficulty appealing to the country's other older demographics, that little is known about how users feel about mobile food applications, that online food delivery services are largely unaddressed, and that online food delivery firms compete fiercely with one another. Academics will gain from this study, IT professionals, restaurant owners, and investors in online food delivery businesses. It will be possible to determine which aspect will have the biggest impact on consumers' satisfaction with the online food delivery service throughout the COVID-19 epidemic by completing the questionnaire.
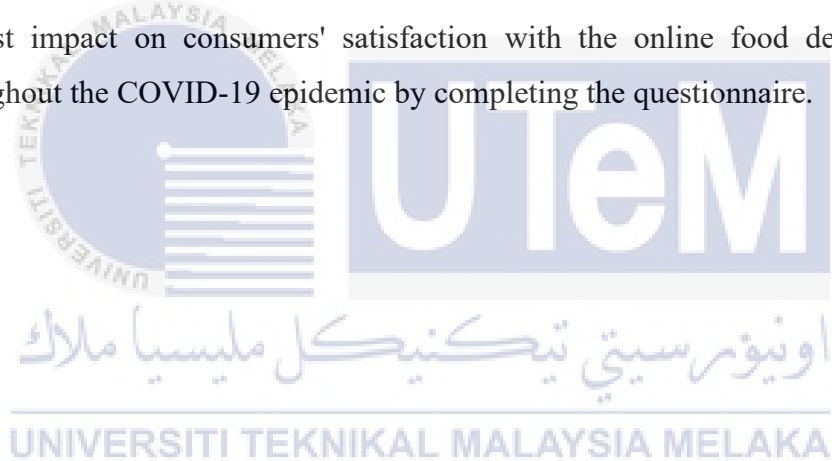
CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

Through out this chapter, it includes the content of 2.1 introduction, 2.2 literature review, 2.3 price , 2.4 promotion, 2.5 food quality, 2.6 e-service quality, 2.7 customer's satisfaction, 2.8 theoretical framework, 2.9 research hypothesis, and 3.0 summary of chapter 2. The important hypotheses on the variables influencing consumer satisfaction will be discussed and the focus of the research. Along with the elements and hypotheses that will be suggested for this study, the theoretical framework will be reviewed. Price, food quality, promotion, and e-service quality are all included in the research framework. The researchers created a theoretical structure to correlate between the independent and dependent variables. To achieve and identify the most significant relationship between the dependent variables, the researchers developed hypotheses based on variables that were independent of the theoretical framework. In this final section of this chapter, a summary of Chapter 2 will be included for a overview of the chapter.

2.2 LITERATURE REVIEW

Literature review supports the concept of the title, which is "factors determining consumer satisfaction with online food delivery service during the Covid-19 in Klang District, Malaysia," by providing an overview of the paper, including theoretical definitions and prior research. The idea and relation of every

independent variable and the dependent variable will therefore be a primary focus of this report's literature review. In every component of this literature review, there will be proof or support for the idea of dependent and independent variables. Customer satisfaction will typically be defined as a dependent variable in the literature study and the variables that affect it as independent variables. Price, food quality, promotion, and e-service quality are the four independent variables in this study. It seems that restaurants have a significant desire and need to comprehend the needs and wants of their clients during Covid-19 pandemic. When utilizing an online food delivery service, restaurants should take the initiative to identify the elements that will impact customer satisfaction in order to better understand these elements. The assumption behind this study is that each of the four criteria will have an effect on how satisfied customers are with online food delivery.

2.3 PRICE

Price, by definition, is a total of money needed to purchase a combination of goods and services (Irfan, 2018). In Herviana and Anik, Kotler and Keller define price as an amount of money or value that customers transfer in exchange for a product or service in order to profit from ownership (2018). For the consumer, the price is like milk, but for the seller, it's something different. This is the cost consumers incur while purchasing a product. The price is the primary source of income and profit for the price seller. Price is the money the company makes from the selling of its products or services. According to Bukhari Alma, the price represents the worth of a good or a company in exchange for a service or product (Saputro, 2018). This value can be seen from a variety of angles. Nawari & Mahfudho (2019) claim that price is a component of the marketing mix that generates income because other components result in expenses. Price is the easiest component of a marketing programme to adjust because product features and communication channels require more time (Krakhmalova, 2020; Yusuf & Sunarsi, 2020). Another definition of price, according to Kotler (2018), is "the amount of money traded for a product and service." Prices are that consumers exchange for the advantages of possessing or utilising a product or service. All clients evaluate the value of the service they received based on the price they paid, hence price is a key