FACTORS CONTRIBUTING TO ONLINE FOOD DELIVERY SATISFACTION AMONG YOUNG CONSUMERS

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DECLARATION

"I declare that this project is the result of my own research except that is cited in the references. The research project has not been for any degree and is not concurrently submitted in the candidature of any other degree."

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APPROVAL

"I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management Innovation."

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Date   : 30 January 2023

DEDICATION

To my parent, En. Zabidi bin Zainol Abidin and Puan Masrina binti Abdul Wahid,

Thank you for your endless support and encouragement.

To my supervisor, Dr Nabil Hasan Saleh Al-Kumaim,

Thank you for your guidance and patience.

To my coursemates and friends,

Thank you for your kindness and friendship.

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ABSTRACT

The food delivery service sector is expanding and has a high possibility in Malaysia and abroad. With social separation becoming the new norm, customers in the Covid-19 pandemic are asking to takeaway meals be distributed under governmental standard procedure. Using a quantitative approach, this study examined young customer satisfaction with online food delivery services in Melaka. It will examine the behavior of customers, demands, and user requirements to provide an excellent approach to understanding consumer accuracy. The data was collected using a questionnaire that has been distributed directly to the target respondents in Melaka, randomly selected by 361 respondents. This research also used Partial Least Square (PLS) which is a component-based SEM approach to examine the connection between dependent and independent variables using Smart PLS 4 software. The dependent variable in this research is online food delivery satisfaction among young consumers and the independent variables are reliability, meal hygiene, security, assurance, perceived ease of use, and time-saving. The results of the study show that five hypotheses have been accepted, namely assurance, perceived ease of use, reliability, security, and time-saving, while another hypothesis has been rejected, namely meal hygiene. Assurance is the strongest factor in this study.

KEYWORDS: COVID-19, Online food delivery, Customer satisfaction

ABSTRAK

Sektor perkhidmatan penghantaran makanan semakin berkembang dan mempunyai kemungkinan tinggi di Malaysia dan luar negara. Dengan pemisahan sosial menjadi norma baharu, pelanggan dalam pandemik Covid-19 memesan makanan untuk dihantar ke rumah mengikut prosedur standard kerajaan. Menggunakan pendekatan kuantitatif, kajian ini mengkaji kepuasan pelanggan muda terhadap perkhidmatan penghantaran makanan dalam talian di Melaka. Ia akan mengkaji tingkah laku pelanggan, permintaan dan keperluan pengguna untuk menyediakan pendekatan yang sangat baik untuk memahami ketepatan pengguna. Data dikumpul menggunakan borang soal selidik yang telah diedarkan terus kepada sasaran responden di Melaka, dipilih secara rawak oleh 361 orang responden. Penyelidikan ini juga menggunakan Partial Least Square (PLS) 4 iaitu pendekatan SEM berasaskan komponen untuk mengkaji hubungan antara pembolehubah bersandar dan tidak bersandar menggunakan perisian Smart PLS. Pembolehubah bersandar dalam penyelidikan ini ialah kepuasan penghantaran makanan dalam talian di kalangan pengguna muda dan pembolehubah bebas ialah kebolehpercayaan, kebersihan makanan, keselamatan, jaminan, persepsi kemudahan penggunaan dan penjimatan masa. Hasil kajian menunjukkan lima hipotesis telah diterima iaitu jaminan, persepsi kemudahan penggunaan, kebolehpercayaan, keselamatan dan penjimatan masa, manakala satu lagi hipotesis ditolak iaitu kebersihan makanan. Jaminan adalah faktor yang paling kuat dalam kajian ini.

KATA KUNCI: COVID-19, penghantaran makanan dalam talian, Kepuasan pelanggan

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LIST OF ABBREVIATION

ABBREVIATION	MEANING
ASS	Assurance
AVE	Average Variance Extracted
COVID-19	Coronavirus Disease
CR	Composite Reliability
DV	Dependent Variable
f^2	Effect Size
H0	Null Hypothesis
H1	Alternative Hypothesis
HTMT	Heterotrait-Monotraite
IV	Independent Variable
MEH	Meal Hygiene
MMQH	Maintenance of Meal Quality and Hygiene
OFD	Online Food Delivery
OLS	Ordinary Least Square
PEOU	Perceived Ease of Use
PLS	Partial Least Square
REL	Reliability
RO	Research Objective
SAT	Satisfaction
SEC	Security
SEM	Structural Equation Modelling
STDEV	Standard Deviation
R^2	Coefficient of Determination
TS	Time-Saving
VIF	Variance Inflation Factor

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This research is to study factors contributing to online food delivery satisfaction among young consumers. The fast development of the internet and mobile technology has had a huge influence on consumer purchasing power. The number of smartphone users in Malaysia has been reached 29 million by 2021. The number of smartphone users in Malaysia is forecasted to increase by 1.74 million by 2025, attributable to the country's expanding population (Joschka Müller, 2021). In Malaysia, almost everyone has a smartphone. Smartphone ownership is higher among the younger population than among the elder population. Only 30% of respondents aged 65 and above owned a smartphone from the survey on smartphone ownership. It has also transformed the way they buy items or services to meet their needs and desires. The accessibility of smartphones, improvements in network capacity, increased customer purchase capacity, insufficient time, and added accessibility have enabled businesses to implement technology into their operations to meet people's emerging demands and satisfaction especially young consumers allowing the massive development of the whole business strategy of food delivery.

1.2 Background of Study

The Malaysian sector for online food delivery is rapidly increasing. Consumers are quite engaged when using online food ordering applications, specifically in anticipation of the recent Covid-19 outbreak standards of procedures. During the actual Covid-19 outbreak, technological businesses such as Grab Food, Food Panda, Lala Food, and others helped to make online food delivery in Malaysia a growing norm in major cities. Furthermore, online food delivery (OFD) has now become popular. This

new way of ordering and getting meals is likely to gain attraction, and businesses may take advantage of it by partnering with food delivery firms like Grab Food, Food Panda, Shopee Food, and others. Many aspects influence customer satisfaction with online food delivery, including food availability, customer reviews, online transactions, and human connection (Kwong & Shiun-Yi, 2017). According to Lee et al. (2019), a habit has the biggest effect on intentionally continual intent of use, relation to quality standards, and societal consequences. Therefore, to get competitive strength, every online food delivery service industry must provide excellent services to boost customer satisfaction.

An online order system is a website or smartphone application that enables users to access meals from a food services provider or a restaurant using an online site, similar to how shopping online works. Young people nowadays are more exposed to new things involving current technology. The use of online applications to order food and deliver food has become a very popular platform for young people, especially students. This is because the delivery of food orders is a solution to the inactive attitude of this group when they are in a rented house, dormitory, or family house. After all, they are lazy to cook at home and avoid exposure to the Covid-19 virus. Furthermore, online food delivery applications are now integrated with contactless forms of payment, making a purchase even quicker. Numerous restaurants are featured on online food delivery applications as a result of this new practice, to gain consumers and increase brand awareness (Prasetyo et al., 2021). According to a previous study conducted by(Chai et al., 2019), the growth of online food delivery services can be attributable to urban customers' shifting behaviors. Most restaurants are featured on online food delivery applications as a result of the current habit, as an effort to engage the consumers and enhance product awareness.

In this study, the researcher will identify the factors contributing to online food delivery satisfaction among young consumers. The finding of this research includes how the attitude and satisfaction of young consumers in purchasing online food using online delivery service in terms of the effect of delivery service, time of delivering the foods to consumers, security and privacy in the food delivery applications, and the price shown in the application for each restaurant. Aside from

that, the focus will be on the factors which can attract and push the satisfaction of young consumers.

1.3 Problem Statement

Due to the increasing number of restaurants, various factors can give various perceptions to young people including students. Advertising from various restaurants certainly gives a variety of reactions to young people to choose and buy food through online food applications. But this increasing number of restaurants in an online food delivery application does not mean that the service quality is way better than customers who buy at the restaurant face to face.

Online purchasing is advantageous because it allows them to save time. Food delivery speed, service levels, pricing (both the food costs and the delivery cost), and the hygiene of the food brought are all important aspects that influence the effectiveness of online food delivery(Saad, 2021). Consumers have been seen to visit shops to purchase their selected goods, but they also want to save time and effort by requesting a more comfortable shopping experience from merchants. As an outcome, in today's highly competitive and dynamic world, the best way to get competitiveness against rival companies is to ensure that businesses create and maintain satisfied consumers who would like to return by providing higher quality service. However, there is also a negative side that enables consumer dissatisfaction. Some improper elements such as the variety and complexity of restaurants and food choices, food packaging, restaurant and buyer location, traffic, data privacy, and internet connectivity will impact online food delivery to consumers (Saad, 2021). These factors are the most complaint by consumers that show their dissatisfaction with the use of online food delivery platforms.

The dissatisfaction of each individual is different. Some young consumers use this food delivery application to complain about food prices and delivery costs became expensive during covid-19 even though the distance from the restaurant to the student residence area was near. Some of the young consumers with student status complained that during they were stranded in dormitories and cafes in their dormitories had to be

closed due to employees who had been exposed to the virus, they had to buy food through online app ordering even though the price displayed on the screen was ridiculous for a student to pay. As a result, many students stranded in the dormitory had to order their food online because they were worried about their safety if they left the dormitory. A media statement published consumer complaints which described the new charges for the service as too expensive compared to the price of food ordered. The Ministry of Domestic Trade and Consumer Affairs is serious about the actions of food application operators who have increased the service charge rate by 20 to 38 percent, thus burdening consumers (Salim, 2021). This has burdened many users, including students. Students complain that most of them must bear very expensive food delivery costs just to enjoy the food they want other than buying at their hostel cafe

Moreover, many young consumers complain about the breach of data from food delivery companies while using online food delivery applications. Young people are very sensitive to the environment. Therefore, some of them also care about privacy, which is related to the bank account number registered in the application. Young consumers have become extremely worried regarding how and where personal data is utilized in online purchases as the news of well-known companies destroying personal data securities (Christl, 2017). Security is a concern that can lead to problems with payment confidentiality protection in online transactions (Tabrizchi & Kuchaki Rafsanjani, 2020). Many individuals especially young consumers fear purchasing online for some purposes, including security and privacy, credit card or debit card theft, and after-purchase services. Online food delivery services have experienced data leakage after customers reported having gained entrance to a large database comprising email addresses, contact details, and customer postal addresses. This makes users of online food delivery services insecure. This indicates that one of the problems that online food delivery businesses encounter around the country is not always efficient.

1.4   Research Question

1.4.1   What is the current level of satisfaction situation dealing with Online Food Delivery among Malaysian young consumers?

1.4.2 What are the factors contributing to Online Food Delivery satisfaction among Malaysian young consumers?

1.5 Research Objective

1.5.1 To identify the level of satisfaction situation dealing with Online Food Delivery among Malaysian young consumers

1.5.2 To determine the factor contributing to Online Food Delivery satisfaction among Malaysian young consumers

1.6 Scope of Study

This research examines the factors contributing to online food delivery satisfaction among young consumers. In this research findings, the researcher will focus on the context of education background which is the young consumers consisting of male and female students from university level in Melaka Malaysia who use and experience an online food delivery platform as the main respondent in this study.

1.7 Significance of Research

This study aimed to identify the factors contributing to online food delivery satisfaction among young consumers. The researcher will be able to investigate the relationship between the factors that will impact young consumer satisfaction in using online food delivery applications to understand the awareness or perception of young consumers and can indirectly know the development of online food delivery marketing between businesses and young consumers. As a result, this study can be a good resource for others to know about young consumers' perception and satisfaction with online food delivery applications, especially the companies that operate these online

food delivery services because they will obtain a lot of information about the perception of young consumers to provide pleasure on behalf of young consumers in term of giving more user-friendly interface to choose foods and purchasing process or find ways to further boost the marketing techniques for online food delivery service to ensure that many young consumers are loyal to the application in the future. Moreover, food vendors or restaurants also will get benefit from this research to ensure their food quality, price, and customer feedback to give good consumer satisfaction to young consumers.

1.8   Chapter Summary

Throughout the overview of the research, the researcher covered the background view of the research topic, problem statements, research problem and objective, scope of the study, and significance of the study.
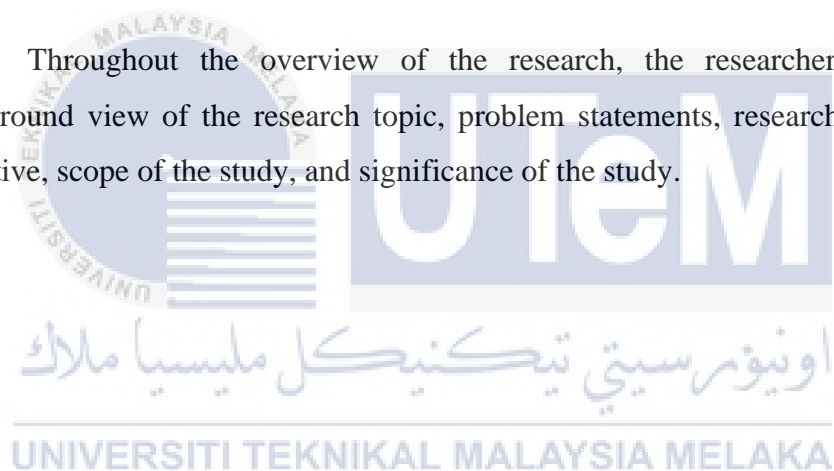
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, the researchers will explore the facts and information about online food delivery services predicated on previous studies and the factors contributing to young consumer satisfaction in Malaysia, the development of online food delivery services, and the summary of the hypothesis.

2.2 Online Food Delivery Service

2.2.1 Definition

Food quality is important whether on the internet or in-store food retailers to provide high-quality food to consumers and to boost customers' buying and repurchase intentions in the food and beverages business. With the wireless interaction with clients, electronic fund transfer strategy, and quick access to internet information, online meal ordering is becoming increasingly popular these days. (Yuchen, 2020). A Food delivery service is whereby a restaurant, shop, or independent catering industry is recognized as distributing food to a consumer as food service deliveries. The purchase is frequently inserted through business or marketer websites or mobile device applications, or a third-party food delivery service. Main dishes, appetizers, drinks, desserts, and groceries goods are examples of things that are frequently delivered in plastic containers. Generally, the delivery worker will ride, but only in big towns where there are households and businesses nearer to each other.

2.2.2 Types of Online Food Delivery Service

Despite the new societal pattern of social exclusion and staying at home, demands for OFD services are increasing globally, particularly in Malaysia (Ramos, 2022). The rapid development of online food delivery (OFD) applications has begun, and it is regarded as a restaurant connection that provides delivery services for a wide range of consumers. The Malaysian Online Food Delivery Market is predicted to grow at an annual pace of 18.6% from 2017 to 2020. (USD Million). This suggests that technical developments and changes in consumer lives could be the primary drivers of the OFD services industry's growth. OFD will help in saving consumers time in finding a restaurant and waiting in line, implying that consumers can choose to use OFD services since it will save customers time. Consumers can use OFD services to seek information on various cuisines and check the price of food at any time and from everywhere (Yeo et al., 2017). In Malaysia, there are two different types of food delivery services which are merchants and restaurant vendors. For example, stores are often stating that fast food outlets including McDonald's (MCD), Kentucky Fried Chicken (KFC), and Pizza Hut offer delivery services for an additional delivery fee (Daud & Min Yoong, 2019). Furthermore, there have been numerous meal delivery companies, with so many of them providing online food delivery services. One of the startups is Food Panda, which was the earliest delivery service to be boldly established in Malaysia. Others from the industry include Deliver Eat, Uber Eats, Honest Bee, Running Man Delivery, Food Time, Dah Makan, Mammam, and Shogun2U, among others (Chai et al., 2019).

To be more specific, the types of online food delivery nowadays involve two entities which are the aggregators and new delivery. Aggregators extend the traditional food delivery approach by allowing consumers to purchase from several restaurants using a single internet connection (Riaz Ahmed et al., 2021). This allows customers to sign in and choose their meals based on the prices and ratings. The aggregators charge certain deposits for orders, thus there is no extra charge to the consumer because the restaurants pay the deposits. Because of its flexibility and discounts, people use delivery service applications. As a result, it is the responsibility of the aggregators to guarantee that the applications are user-friendly. Furthermore, new-delivery players allow consumers to use a single webpage or application to browse menus and order