

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE**

**FACTORS INFLUENCING CONSUMERS' PREFERENCE  
TO USE FOOD DELIVERY APPLICATION**

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**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
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## **ABSTRACT**

This study intends to explore consumer perception on food delivery application and to analyze the factors influencing consumers' preference to use food delivery application. A sample size of 385 respondents who have used food delivery application is used in this study. In findings, the perception toward the online food delivery application is high. Main findings from the quantitative research indicated that all the factors of electronic word-of-mouth, perception on price, experience and perception on service provider have significant effect on consumers' preference to use food delivery application. Among the influencing factors, perception on service provider is the most influential and electronic word-of-mouth is the least influential in consumers' preference to use food delivery application.

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## **LIST OF ABBREVIATIONS**

E	Experience
EWOM	Electronic Word-of-Mouth
iOS	iPhone Operating System
MTO	Made to Order
OFDSD	Online Food Delivery Selection Decision
PP	Perception on Price
PSP	Perception on Service Provider

# CHAPTER 1

## INTRODUCTION

For many products and services, purchase decisions are the result of a long and detailed process that may include a broad information search, brands comparison, and evaluation. Consumer behavior is the process that consumers experience when they make purchases and it involves factors influencing their decision. The knowledge of buying behavior sheds the light on the psychology of how consumers think, feel, argue and select among existing alternatives (e.g. brands, products, and retailers), also how the influence him/her, additionally, how consumer motivation and decision strategies distinct between products. Advanced technologies are the part of people lives and being constantly online is a status quo. Therefore, people are switching to e-commerce regarding with buying behavior.

With the development of technology and society, the rapid growth of e-commerce has built up new forms of business and has changed the traditional performance of tasks and jobs. Along with the widespread use and the development level of smartphones and the internet, the cheaper smartphones, and the cheaper internet packs, the purchase approach is no longer restricted to physical stores. There is an expanding trend of online and offline sales among many fields. Therefore, various kinds of businesses are setting up online stores. Food industry is the most apparent since it is closely linked to people's daily life (Xin, 2016).

While living in a dynamic world, people sometimes face difficulties to solve simple tasks like buying food or cooking meal. But now, consumers can solve these tasks with a few taps on their mobile phones. Smartphones have become their tool to obtain everything they want at their doorstep. Technological evolution has completely changed the entire scenario of the traditional restaurant industry (Hischberg, Rajko, Schumacher, & Wrulich, 2016). People across the globe are enjoying a new comfort zone as a result of this advent of technology.

The online channel using mobile application is the trending marketing channel. Most of the industry that wants to connect directly with the consumers has adopted mobile application such as banking, retailing, hospitality and many other industries. With the widespread development of online, the internet has also led to the

creation of middlemen for restaurant businesses such as food ordering and delivery companies. These middlemen establish relationship with restaurants and the customers. People are willing to shop food through applications and websites. Many restaurants are witnessing an increase in competition, as ordering food online becomes more and more popular.

Food delivery service has taken into Myanmar as the living styles in Yangon are changing (Amora, 2020). Online food delivery is a service in which a restaurant delivers food to a customer through the restaurant's website or foodie application (Jacob, Sreedharan & Sreena, 2019). An online food menu is created in each mobile application. Customers can place order in the respective restaurant and can track the order. The payment options include either online or by cash-on-delivery system. It only takes a few clicks and just need internet access. In January 2020, there were 22.00 million internet users in Myanmar. The number of internet users increased by 1.00 million (4.8%) between 2019 and 2020 according to the report of Data Reportal. About 42 percent of population has internet access according to 2014 census.

Due to rapid development in e-commerce, online food shopping has conquered many obstacles such as long web loading time, transaction problems, payment security and receiving low quality food products (Amir & Rizvi, 2017). The number of mobile foodie application startups are growing at a first pace and competing with the food delivery section of the restaurant market. Mobile applications like Grab, Food Panda, Food 2 U, Hi-so Mall, Food Mall and Door 2 Door provide the customers countless varieties of dishes from different restaurants and customers can easily place order. With rapid urban development and a massive number of people coming to the cities especially Yangon for searching jobs and leading a better standard of life, the concept of ready-cooked food has gained much attention.

## **1.1 Rationale of the Study**

Technology has played a key role in revolutionizing the food delivery service. It has contributed to the changes in consumer preferences as their dependency of technology has motivated them to do everything comprising getting cooked meals delivered to their doorstep. Moreover, lifestyle changes and many external factors including time limitations, traffic congestion, dependency of technology, and a need for convenience have caused people to choose food delivery over going to a

restaurant. It is also a good reason for the consumers to choose the services offered by the online food ordering and delivery service portal. Especially, during the period of Covid 19 pandemic, people need to stay at home, they work from home and they do not wish to eat out. Therefore, people more rely on online food delivery services rather than physical restaurants because there is no human intervention involved in the process of online food ordering. The idea of food delivery is quickly spreading due to the increase in the number of working population and their hectic work-life culture in cities especially in Yangon. Therefore, restaurant without an in-house delivery service decided to join online food delivery platforms to generate more revenue from this booming channel (Kasikorn, 2016). That is why it is crucial for restaurants and foodie applications to know what the consumer is looking for when using their services. Most importantly, this would enhance the competitiveness of local businesses and ensure success and survival in today's intense marketplace.

Restaurateurs wanting to excel in the restaurant sector should consider the option of trying up with the third-party for online food delivery. While the online platform can provide a massive opportunity for the food industry, there are several challenges that must overcome. These include the consumer perception on short shelf-life of food products and the unique buying process of food products where most consumers prefer to see the actual products before making a purchase (Kitthanadeachakorn, 2016). This research is conducted from the customer point of view to study the influence of foodie applications on users' decisions regarding restaurant choice as contemporary topic in applied marketing which focus on the area of technology.

The popularity of online food ordering and delivering services is steadily growing. This research aims to answer some questions such as why does a customer choose to use an online delivery service from a specific provider over another, how can users be characterized, what are the features loved by customer and what remains to be improved and how prices sensitive are the users. This study helps restaurants to understand the importance of mobile foodie applications in this technologically advanced era and they can improve their operations accordingly for improving better customer services. It provides restaurant businesses and food delivery businesses with a current presence of a better understanding on the customer perception and on the characteristics of those who use mobile foodie application in order to identify key

success factors to craft the appropriate marketing strategies, to maintain current customer base and attract new customers.

## 1.2 Objectives of the Study

The research objectives are identified as follows:

1. To explore consumer perception on online food delivery application.
2. To analyze the factors influencing consumers' preference to use food delivery application.

## 1.3 Scope and Method of the Study

This study focuses on the factors influencing consumers' preference to use food delivery application. The target population of the study consists of respondents who are eighteen years and older, who had used food delivery application and who live in Yangon. There are six food delivery applications and three of Food Panda, Grab Food and Food 2 U were randomly selected. A sample of 385 respondents was collected. For unknown population, the following formula developed by Cochran (2007) is used;

$$n = \frac{z^2 pq}{E^2}$$
$$n = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2}$$
$$n = 385$$

Target samples for the survey were selected by systematic random sampling. The samples were selected by using a one-in-three systematic sample at operating hour of food delivery application by connecting with three delivery riders. The data was collected on last two weeks of October 2020. This study employed quantitative research method. Both primary data and secondary data were used. The secondary data reviewed to study current trends of online food delivery including numbers of food delivery, internet usage was gathered through published articles, websites, magazines, academic journals and books. Primary data was collected by using structured questionnaire. A structured questionnaire was designed with close-ended

questions and five-point Likert Scale. Results from quantitative data were analyzed by using the Statistical Package for the Social Science Software. Descriptive analysis and Multiple Linear Regression analysis were employed to analyze the variables.

#### **1.4 Organization of the Study**

This study consists of five chapters. Chapter one is introduction that represents rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter two is literature review that describes consumer decision making process, factors influencing consumers' preference to use food delivery application, previous studies and conceptual framework of the study. Chapter three is the usage of food delivery applications. Chapter four describes the results on the analysis of the factors influencing consumers' preference to use food delivery application. The last chapter, chapter five is conclusion that discusses the findings and discussion, suggestions and recommendation and limitations and need for further study.

## CHAPTER 2

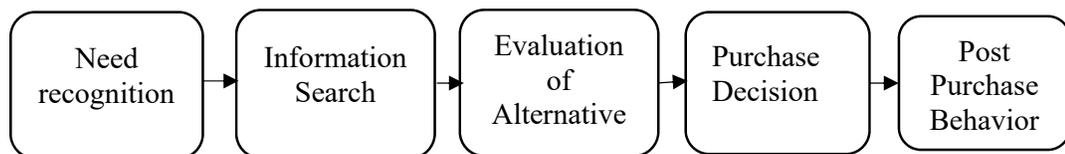
### LITERATURE REVIEW

This chapter discusses theoretical background of the consumer decision making process, the factors influencing of consumers' preference to use food delivery application, the review of previous studies and the conceptual framework of the study. The factors that may influence the consumers' preference to use food delivery application are electronic word-of-mouth, experience, perception on price and perception on service providers.

#### 2.1 Consumer Decision Making Process

Consumer decision making imaged as a result to find solution in solving consumer's problems, a problem which is referred to as a discrepancy between a desired state and an ideal state which is sufficient to arouse and activate a decision process. Mowen (1988) stated that most of the researches done on the consumers behavior, have focused strictly on the decision-making process, and under this decision-making perspective, purchasing has been seen as a problem-solving activity, giving the consumers the opportunity to move through stages in the essence of solving their problems.

**Figure 2.1 The Purchase Decision-Making Process**



Source: Kotler & Keller, (2012)

Figure 1 outlines the five processes of consumer's decision-making. These are problem recognition, information search, and evaluation of alternatives, purchase, and post purchase evaluation. The diagram illustrates the first step is the problem recognition; this simply means the act of identifying problems and needs. These problems might be triggered because of an internal or external respond. The second stage, process of looking for information, is a moment that matter for consumers. Recommendation from friends and family and reviews from other consumers take

into account. Moreover, previous experience of using the product and personal experiments while searching influence the process. At the stage of evaluation of alternatives, consumer chooses one of the most important attributes based on which consumer makes a final decision. At the fourth stage, one a consumer chooses which brand to buy, consumer implement the decision and implement the actual purchase. Also, at the beginning consumer makes a purchase intention to buy a certain product. At the last stage, consumers evaluate and review the product. Consumer finds that the product has matched or exceeded the promise made and their own expectations, increasing chances of the product being purchased again. In addition, follow up activities help to make a customer loyal one.

Ensuring customer loyalty is difficult but attracting a new customer is much harder and costly to manage. Customer must move through stages of consumer decision making model from merely aware to highly loyal. Therefore, food delivery companies need to more efficient in operation, attracting new customer and retaining existing patrons. Moreover, food delivery companies need to understand their target market when using online tools and channels to be able to communicate more efficiently.

Consumer behavior is the activities involved directly in obtaining, consuming, and disposing of products and services, which include the decision processes and follow up of their actions. Schiffman & Kanuk (2010) stated that consumer behavior is the process that a consumer applies while purchasing, using and disposing of a product, service, and ideas which they accept and which overall fulfills their needs. Mowen (1995) conceptualizes decision making as problem-solving. This is helpful in understanding and analyzing. Knowledge and level of involvement is the relevance perceived by the purchaser and the importance linked to the product and brand choice. The decision-making process has attracted a lot of researchers, which develops the understanding of logic and how the purchasers use their minds between the choices of two or more options (Misra, Katiyar & Dey, 2013).

## **2.2 Factors Influencing Consumers' Preference to Use Food Delivery Application**

There are many factors that influence consumers' preference to use food delivery application. In this study, electronic word-of-mouth, perception on price, experience and perception on service provider are described as influencing factors to induce using food delivery application.

### **2.2.1 Electronic Word-of-mouth (EWOM)**

Westbrook (1987) defined word of mouth (WOM) as any informal communication directed at other customers about the proprietorship, usage, or characteristics of specific goods and services or their sellers. Park & Kim's study (2008) defined WOM as an effective routine to deliver product information to potential consumers as of a user perspective. In traditional WOM communication, consumers share their products or service-related experiences with their family members. Family members including siblings and parents are the most influential reference groups in traditional WOM communication although people may not stay together with their family.

Electronic word-of-mouth (EWOM) is sharing of information about the product, either in positive or negative ways, through the internet by current and past customers (Hennig-Tharau et al., 2004). The advent of the internet and communication capability has dramatically improved the scale and scope of EWOM communication. Riegner (2007) found that consumers' purchase behavior changed due to the increasing accessibility of the internet. Social media and online communities enable customers to share their reviews, rating, and photos that are accessible by almost anyone who has access to the internet. Consumers are increasingly accustomed to accepting digital information and comments regarding products and services. Henning-Tharau et al. (2004) pointed out that EWOM happens when potential, current and future consumers comment positively or negatively through the online platform regarding a product or service. Product reviews from professional and experienced users which are posted in group buying website can influence consumer perceptions of the product characteristics (Cheng & Huang, 2013). EWOM messages and comments influence a consumer's willingness to buy (Xiaoffen, 2009).

### **2.2.2 Experience**

This variable determines consumer restaurant selection behavior based on past experience. This relates to key usage decision attributes: (1) purchase behavior including order frequency and spending, (2) factors that stimulate usage of foodie application such as ease of use, time-saving, service coverage, payment option and restaurant data completeness, and (3) restaurant selection criteria using foodie applications such as variety of menu, appropriate price and location.

Perception is how one perceives matter based on one's experience and personal opinion. By understanding the consumer's product, they know how the consumer views their own product and service. Whereas consumer preference talks about purchase decisions and posts, purchase behavior, or satisfaction (Karthikeyan & Sasikala, 2014). Mowen (1995) reviewed that consumer faces complexity when buying high end products whereas ordering home delivery from a food app would be instantaneous rather than a complex purchase.

### **2.2.3 Perception on Price**

Price is a factor used to stimulate the consumer to purchase (Kotler & Keller, 2006). Price consciousness is defined as consumers who are reluctant to pay a higher price for products and mostly pay attention to lower prices (Sinha & Batra, 1999). Price sensitivity is the extent to which persons perceive and respond to fluctuations in prices for products or services (Wakefield & Inman, 2003). Pricing is an effective way for price sensitive consumers to be motivated to purchase a particular product at the lowest prices possible or to get the greatest value for their money. When the prices for products and services show a decrease in the group-buying websites, price sensitive consumers will notice and respond, based on price (Pi et al., 2011).

According to the study by Erdogmus & Cicek (2011), there are two types of price systems occurring in online group buying. The first type is established based on dynamic pricing mechanisms. It implies that a large group of buyers comes together as a group to perform collective buying and enjoy price discounts through the group buying website. The discount prices rely on the number of buyers predefined by the sellers. If consumers succeed in forming a group within a given period of time, then everyone in the group will enjoy at the same discounted price. The second type refers

to the group-buying vendors who offer certain products at bigger discounts, usually more than 50%, but the price does not reduce any further even if the number of buyers increases.

The popularity of online food delivery service is growing rapidly because of its several benefits, such as bringing food to the doorstep of customers, various payment alternatives, attractive discounts, rewards and cash back offers. Consumers can surf virtual retail stores and find the lowest price. Morganti et al. (2014), Andaleeb & Conway (2006) and Parasuraman et al. (1994) as cited in Sien & Falahat (2015) showed that price and product quality together with service quality influence customer satisfaction and hence customer choice. Therefore, consumers are price-conscious and value-conscious. One of the reasons why restaurant business owners are unwilling to outsource delivery to third party online delivery service providers is customers' affordability to pay delivery fees.

Consumers can use price as a means to compare products and judge the relative value for money. Price is postulated to have a considerable influence on the consumer during his/her online shopping. This variable determines consumers' price perceptions toward current order fees charged by online food ordering providers. It also identifies the impact of price promotion on consumers' purchase intentions.

#### **2.2.4 Perception on Service Provider**

This variable determines the importance of features of foodie applications perceived by users such as menu and price, restaurant business hour, restaurant database, review and rating, promotional information, payment option, restaurant booking system and original content from application and user perceptions toward each application available in the market.

Consumer perspective of ordering food online states their ease in using food delivery applications. Consumer preference to use particular food delivery applications is based on the results of customer feedback. The online food ordering transforms from manually to automatically by reducing time consuming because there is no need to go to the restaurant by the customer, there is no need to write down the order and send to the kitchen by the restaurant waiter and the customer orders are delivered to the desired place. But there is one point to think that online food ordering need to become safety for health.

On the basis of Chavan (2015) as cited in Tribhuvan (2020), consumers can track their orders by using online food delivery application that allowed consumers convenience. It is also beneficial to the restaurant in delivering food to consumers with less time. It concluded that online food ordering is easy to use, effective and convenient that is predicted to boost their service quality from day to day. Sethu & Saini (2016) studied the analysis of the consumer perception, behavior and enjoyment involved in ordering food online. This study found that ordering food online is time saving because consumers can search restaurants easily and can select on their own choice with little cost.

Bhatnagar, Misra, & Rao (2000) studied about risk, convenience and internet shopping behavior. According to the result, except marital status, the other demographic profile such as age, gender and online usage had effect on internet shopping behavior. Moreover, consumer's loyalty on the online shopper is aimed to long term profitability. The consumers are mainly internet users because these applications are used by internet. Today people mostly used internet to seek out, to compare or to buy products or service. And they also share and review their experience through online. Therefore, the service provider needs to create customer loyalty to become profitable in the long term.

According to the Choreukar (2014), food delivery applications were proposed to use to consumers by word-of-mouth. In order to use food delivery applications, people used mobile phones as a basic intermediary. Sethu & Saini (2016) argued that the penetration of food delivery applications is at a higher rate. The service provider tries to maintain their quality. The consumer decision for ordering food online had been persuaded by the factors such as personality, self-concept, perception, personality, reference group and attitudes.

The mobile phone alternated the personal digital interface to supply customers with a much better interface to look at a menu or trace their orders. With a safe login system, customers have the freedom to view a list, place their order anytime, navigate their order, receive updates about their food, and make an online payment. Bhandge et al. (2015) had come up with an automated food ordering system that will help in keeping track of orders efficiently. Online ordering helps in increasing the efficiency in restaurant operations as well by being time-efficient for the customers while

ordering online. Dabholkar (1995) stated that aptly designed online ordering systems will give customers control on the choice of food available and the number of transactions which limit the personal interaction they witness.

Rathore, Singh, Chaudhary & Mahik (2018) as cited in Tribhuvan (2020) found that young people mostly used food delivery application, and elders didn't use themselves to food delivery applications as compared to the earlier group. This study also concluded that young people are more preferred to use. Moreover, the offers available on food delivery applications such as free delivery charges, discounts and seasonal promotions are influencing factors of consumer preference to use food delivery applications. It is also less time consuming for consumers. The main reason is suitable, useful and make for an easier life. According to Nigel & Jim (2006), retaining customer is the major confrontation among the online service providers. In order to retain customer, customer satisfaction is important. It is difficult to retain customer satisfaction within the long run during the competitive environment. The advantage of an automated food ordering system allows the customer to trace their food order. Customers using a mobile phone are crucial for this system. The ordering process from start to end gets done by using the mobile phone.

The Wireless Food Ordering System is a system that unites the concept of intranet and wireless technology. This system provides the user a pathway to gain information about the data and services from a faraway server, which enables the user to obtain information about the central databases distributed throughout the restaurant business. Most of the mobile devices have executed and support wireless technology. Hence, mobile devices are an essential hardware component that are used to help this system to allow the user to gain access to the database for data retrieval. The system requires the user to build a network within the restaurant, and there will be a central database server, which belongs to the web. The customer can perform data recapture by utilizing mobile devices like Personal Digital Assistant linked to the wireless access point.

According to a study by Pratibha (2000), a properly designed self-service order system allows time needed by the customers to order the food they want. Furthermore, this reduces the time of the customers ordering from the menu on mobile or telephone. Moreover, independent control has given the customers a higher satisfaction rate and they use the application with greater intent, which allows

customers to take their own time while ordering online whereas ordering on telephone time is a constraint.

Trivedi (2018) stated that online food purchasing helps the students in managing their time better. It relieves the students from spending time going to their desirable food joint at any point in time, but at the same time providing an avenue where their favored food reaches them. The consumer perception of restaurants discusses the consumers and services, the consumer decision-making process model, and previous studies in consumer's restaurant behavior. The interrelationships and examination between customer satisfaction, food quality, service quality, and behavioral intentions help reviewing the restaurant choice factors, dining occasion, and demographic attributes.

### **2.3 Previous Studies**

With lives are getting busier every day, people have less chance to go out and eat or prepare a meal at home, and this has created a demand for online food ordering. According to Pigatto et al. (2017), online food delivery services can be characterized as business platforms that provide order services, payment and monitoring of the process but are not in charge of the preparation of the food. In online retail sales, face-to-face interaction is being replaced by interaction through cell phone apps and internet-based communication tools such as e-mail, chat and SMS or the websites of companies, where customers can search, retrieve and place orders. According to Chen et al. (2009), companies that seek to offer services and products profitably are using innovative delivery methods as a new basis of differentiation and providing greater value for customers.

In the article of the changing market for food delivery, Hirschberg et al., (2016) pointed out the traditional model as the most common form of delivery which is the traditional food delivery system. This traditional category, in which consumers place an order with the local pizza parlors or other restaurants and wait for the restaurant to bring the food to their doorsteps has a 90% market share, and most of those orders are still placed by phone. However, this market just like other markets is experiencing reshaping due to the rise in digital technology. Consumers are now accustomed to shopping online through apps or websites due to convenience and expect the same in case of ordering food. Growing urbanization, the participation of

women in the workforce and the increase in family income are factors that have frequented the habit of eating out.

Young males with higher incomes and who live in urban areas have shown a growing trend in eating out. Foods with higher calorie content are some food products that are preferred by the public in general. The habit of going out to eat was viewed as a secondary activity and therefore unnecessary until the early 1990s. It was also not a priority in everyday decisions and that people chose a la carte restaurants, which were time-consuming and costly; thus, people preferred to cook at home.

Das (2018) made a comparative study of consumers' perception towards the online food ordering and delivery services, and investigated the impact of online food delivery services among students in India and found online food purchasing services help students in better time management by providing access to their desired food conveniently. The determinants of the customer ordering experience, which include website trust, customer satisfaction and loyalty among Malaysian consumers. Chai & Yat (2019) attempted to establish an integrated model that investigates the relationship of antecedents with the behavioral intent toward OFD services among Malaysian urban residents. Daud & Yoong (2019) examined two factors, time and price, influencing behavioral intention to use online food delivery intermediaries service among Malaysian consumers and found only time factor to have a significant impact. The online food delivery market is yet to mature. Joint efforts of the online food delivery platforms and restaurants, the concerned government departments, consumers and all parties in the society are needed to create a good online takeaway environment.

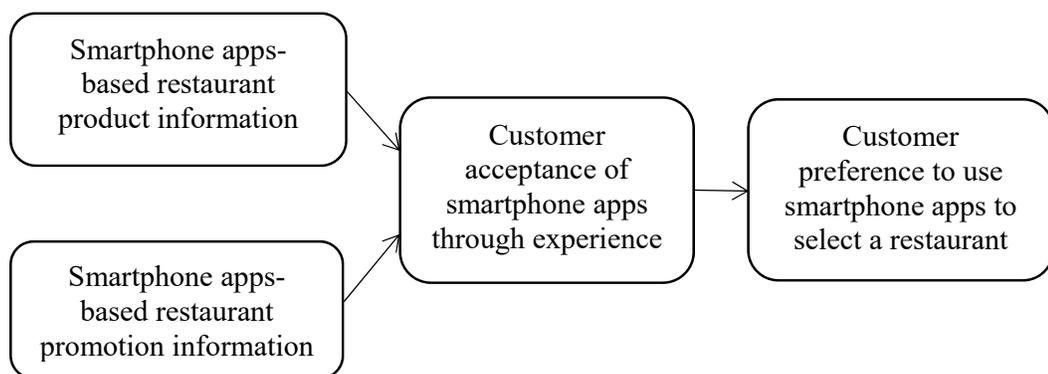
According to Sehat & Halu (2012) as cited in Das (2018), e-commerce is rapidly growing worldwide; the food industry is also showing a steady growth. In this research paper they have used Technology Acceptance Model as a ground to study the acceptance of online food ordering system. The data analysis revealed that the attitude towards online food ordering vary according to the ease and usefulness of online food ordering process and also vary according to their innovativeness against information technology, their trusts in e-commerce retailers and various external influences. Rathore et al. (2018) as cited in Jacob et al. (2019) stated that 50.8% of people order food delivery service since they do not like to cook, as it enables clients to have food delivered directly to their home or office in under 60 minutes.

Pathan et al. (2017) as cited in Jacob et al. (2019) stated that with online food ordering system, a restaurant and mess menu online can be set up and the customer can easily place order. Also, with a food menu online, orders can be easily tracked, it upholds customers' database and develop the food delivery service. The restaurants and mess can even modify online restaurant menu and upload images easily. Having a restaurant menu on internet, potential customers can easily access it and place order at their convenience. Thus, an automated food ordering system is presented with features of feedback and wireless communication.

Dang & Tran (2018) said that internet has played a major role in increasing the awareness of the online food delivery apps. Through internet, people can search about foods and restaurants, compare their prices and their services and have easy access to them. Internet has made all these things convenient for the customers.

Balasubramanian et al. (2011) studied customer preferences to select a restaurant through smart phone applications. The aim of this study was to explore the increase in customer acceptance to use smartphone application-based restaurant promotion and to identify customer preference to use smartphone application to select restaurant. The study mainly focused on quantitative research approach. A sample of 116 students from a private university was selected

**Figure 2.2 Customer Preferences to Select a Restaurant through Smart Phone Applications**



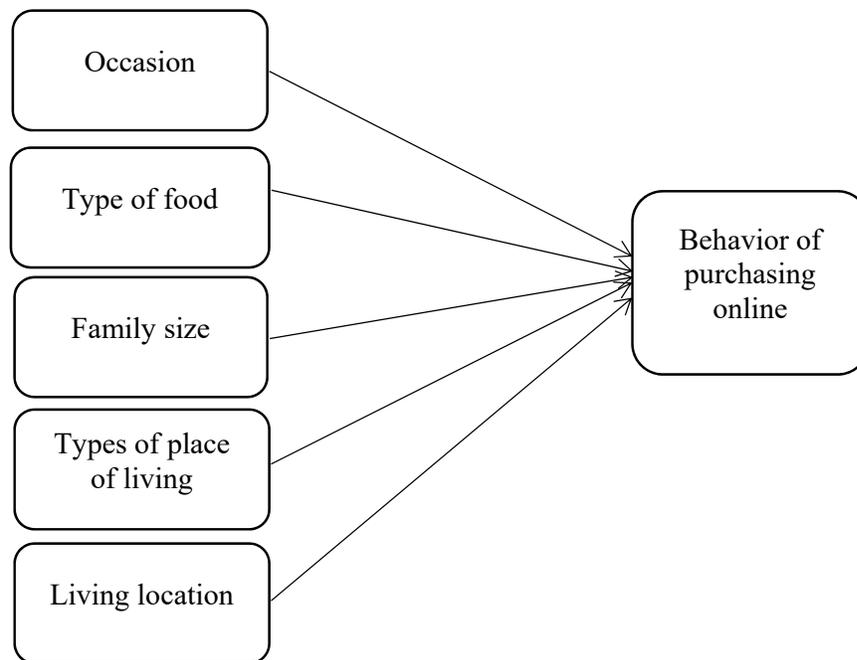
Source: Balasubramanian et al. (2011)

The finding indicated that there was a positive relationship to increase customer acceptance level through smartphone application-based restaurant product

information and also strong relationship with the restaurant promotion information. It also indicated that customer acceptance of smartphone application through experience and satisfaction had a positive significant effect on customer preference to select a restaurant.

Kitthanadeachakorn (2016) studied about customer buying decision process using online platform for online food delivery. The objective was to understand the perception of customers toward the online food delivery service as well as explore factors that could affect consumer decision-making process toward the online food delivery service. The primary research was consisted of 25 in-depth interviews and 3 focus groups.

**Figure 2.3 Customer Buying Decision Process Using Online Platform for Online Food Delivery**



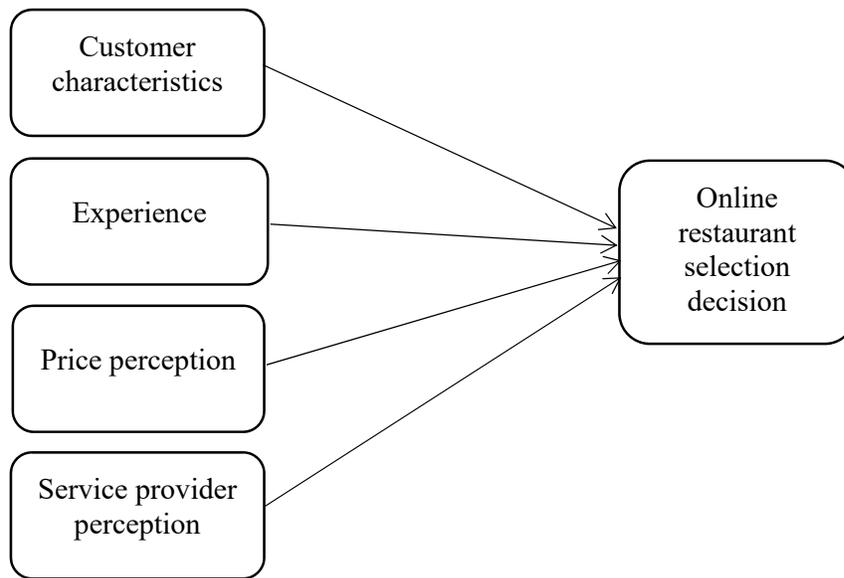
Source: Kitthanadeachakorn (2016)

The finding indicated that the perception of user toward the online food delivery service is positive. They perceived that online food delivery service offers convenience. However, there were some negative feedbacks on the complexity of online platform.

Phopipat (2017) studied about the influence of mobile foodie application on restaurant selection decision. This research aimed to identify customer profiles and

classify them into segments, to determine consumer restaurant selection behavior and experience, to determine consumer price perception toward online order fees and to identify key application features needed by customer. Quantitative research was conducted by an online social media survey. Data gathered from 265 respondents who had used a foodie application.

**Figure 2.4 The Influence of Mobile Foodie Application on Restaurant Selection Decision**



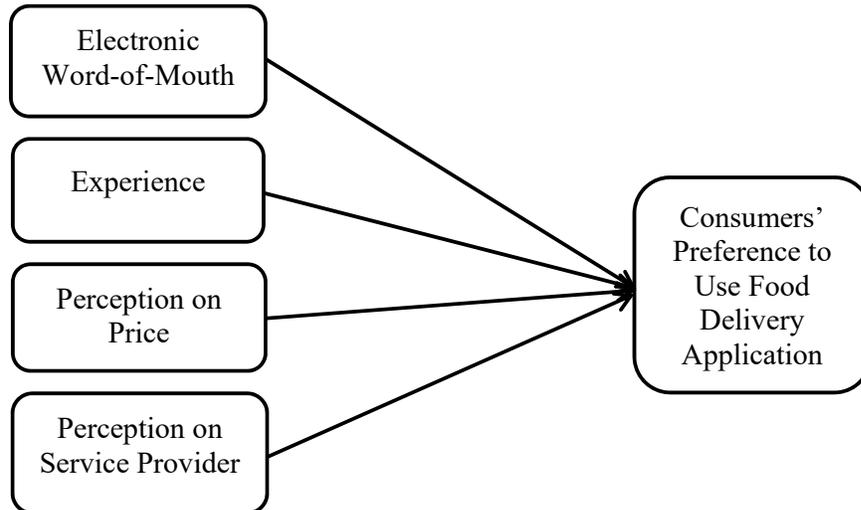
Source: Phopipat (2017)

Main finding indicated that customers who used online food applications can be divided into four segments as achiever, perfectionist, extrovert and outdoor enthusiast. Top three restaurant selection criteria were speed of service, location, and value for money. The three features respondents perceived to be important when using application were booking, payment option, and promotional information. The recommendation for the marketer was to focus on the achiever segment because they were heavy users and marketer should try to prevent from switching to other service providers.

## 2.5 Conceptual Framework of the Study

Figure 2.5 shows the conceptual framework of the study to analyze the factors influencing consumers' preference to use food delivery application.

**Figure 2.5 Conceptual Framework of the Study**



Source: Own Compilation

To study consumers' preference to use food delivery application, the researcher decided to gather electronic word-of-mouth, experience, perception on price and perception on service provider as independent variables. The dependent variables is consumers' preference to use food delivery application.

## **CHAPTER 3**

### **USAGE OF ONLINE FOOD DELIVERY APPLICATIONS**

This chapter discuss the current situation of online food delivery industry, online food delivery service providers in Myanmar, challenges faced by food delivery service companies and the growing food delivery market in Myanmar.

#### **3.1 Current Situation of Online Food Delivery Industry in Myanmar**

The food delivery service is one of the growing markets. The trend is shifting from the traditional food delivery service towards the online food delivery services, as represented by the significant growth in the latter in the past few years. Online food delivery model contains the end user and revenue development of two different delivery service solution for prepared meals: (1) restaurant to consumer delivery and (2) platform to consumer delivery. These two solutions of food delivery broadly cover the need of the food delivery market. The restaurant-to-consumer delivery is more of restaurants having their online portal or applications for food ordering and delivering of the food. Consumers can directly order food in the site or through mobile application and get them delivered at their door step or consumer may collect it from the restaurant. Consumer behavior on purchasing online MTO food is also unique. Factors that influence consumer decisions include pictures, reviews and streaming videos. The spending on each transaction is relatively high, compared to normal food purchasing. Moreover, people who live in the city has a higher tendency to purchase, compared to people who live outside the city.

The goal of most businesses is to make a profit. It is the same for restaurants that are not non-profit organizations. According to Matthew et al. (2005), technology makes it much easier for restaurants to increase sales and revenue through the application of online delivery services. Many restaurants are adapting to new technologies at a breakneck rate. Formerly, restaurants operated their own food delivery services. However, many intermediaries now exist primarily to provide food delivery to customers as third-party delivery services. Third-party delivery exists to ease the burden of restaurants operating delivery services at their own cost (Matthew, 2015).

Myanmar has the highest number of internet users in Southeast Asia. The increasing trend of internet usage and other factors, (e.g., time constraint, traffic congestion, and the need for convenience) has changed the way of life from eating out at restaurants to online ordering for home delivery. In the past, only a few restaurants were capable of food delivery by their in-house delivery units. However, today, restaurants can enjoy the support of a wide variety of online food delivery providers that can help to boost revenue and expand customer bases. One expert has predicted that online delivery providers and applications will promote and assist the restaurant industry to grow significantly despite the current bad economic situation and fierce competition.

Online food delivery platform is increasingly turning consumers away from ordering via telephone. The reasons are more convenience, various selections and economical food choices. Furthermore, time saving is another gain from trimming time in traffic, parking and browsing. Additionally, increasing in internet access, smartphone and online payment usage also aids the trend toward online ordering. In order to be success, all players in the market need to focus on expanding in new area to gaining larger volume, economies of scale, differentiated their service offering and customer retention by brand building.

Moreover, social media and the online communities enables internet users to share their opinions and experiences on a product or service in either a positive or negative tone. Online communities are a new challenge and at the same time a golden opportunity for restaurants to attain more exposure and increased their customer base. Consumers can read reviews and other consumers' experiences through online channels and then make their decision to purchase from the best company.

With the boom in digital industry across the globe, it's had its impact on the Myanmar economy too. The food industry has evolved into transformative space, combining with food delivery services which offer greater convenience and high demand of consumers. The growth of the Myanmar's food delivery service market is supported by people's increasingly busy lifestyles and rising incomes, along with deepening smartphone and internet penetration. The online food ordering firm have sprouted up in bulk.

### **3.2 Online Food Delivery Service Providers in Myanmar**

Due to the soaring demand in the online food delivery industry, the industry has attracted many players. Demand for Myanmar's food delivery boosted by Covid-19 restrictions with some entrepreneurs starting to sell home-cooked meals through delivery services. In Yangon there are six main food delivery services. They are Food 2 U, Food Panda, Door 2 Door, Hi-so Mall, Grab Food and Food Mall. They have come in to Myanmar food delivery market. The process is like, delivery man picks up the completed order from the restaurant, and delivers the items to the customers through bicycles or by cars on an as-needed basis for larger orders.

Grab food was officially started in January 2020 in Myanmar. Grab Food provides delivery services for both food and groceries. This helps consumers who do not want to go out and buy groceries since consumers can get with a click on mobile phone. The application can be downloaded on both iOS and android devices so if consumer need anything to add to the list and just choose whatever want and deliver to home.

Food Panda, the Germany-based brand, has been operating worldwide in 41 countries and it is now available in Myanmar. It has already been recognized as one of the most successful food delivery services. With significant number of players entering the Myanmar online food delivery industry, it is a solid proof that the Myanmar online food delivery will grow bigger in the near future.

Door 2 Door is one of the food deliveries services which is the premier online food ordering and delivery service which was started since 2013 earlier than many food deliveries. Food 2 U started the food delivering service since 2015. It operates 24 hours a day with energetic and well-trained carriers, delivering to 21 townships. The customer can order from the website, application and Facebook messenger. Hi-so Company is an e-commerce platform owned by Myanmar's Htun Khaing International. Singapore-registered Company, Hi-so Company owns a food delivery app under the same brand name in Myanmar. In the food delivery market, Hi-so Mall is pitted against Door 2 Door and Food 2 U. Hi-so app allows users to order an item from its Hi-so Mall app available on iOS and android. Besides food, Hi-so Mall also sells a variety of products such as vegetables, cosmetics, home appliances, and clothing. Since launch in October 2019, Hi-so transactions has increased by more than

50 percent. The firm has partnered with over 200 stores in Myanmar. Where the competitive environment is intensifying day by day, Hi-so accelerate the pace of expansion of transaction volume in the delivery and online shopping market in Myanmar.

### **3.3 Challenges Faced by Food Delivery Services**

While the online platform can provide a massive opportunity for the food delivery industry, there are several challenges that must be overcome. These include the consumer perception on short shelf life of food products and the unique buying process of food products where most consumers prefer to see the actual products before making a purchase. According to the global food delivery companies, though the online food delivery market offers immense commercial potential, it also presents some major challenges. One of the challenges global food delivery companies are facing is that inconsistent food quality. It is a challenging task to maintain the quality of food being delivered until it reaches at the customers' door-step. There is no comparison of the quality food delivered on tables in the restaurant with the food delivered in a box in the name of instant home delivery. Food is always prone to quality lapse irrespective of the measures taken in packaging to provide first class food delivery to the customers. The customers equate the quality of food served in restaurants to the quality of delivery.

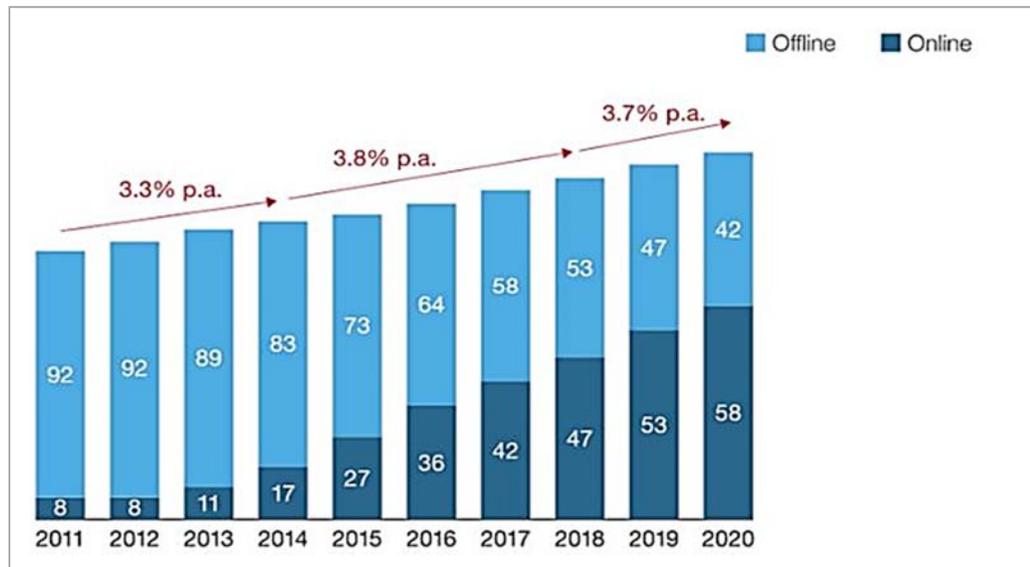
Food delivery services faced a lot of challenges like hiring people and messengers' training and finding restaurants for partnership deals. It is not easy to get people who will give the customers food in time and in a manner, in a nice way, hygienically following the rules.

Another challenge for food delivery services is finding vendors and a reliable partnership that can guarantee Yangon Door 2 Door access to the goods. With hard work, 500 restaurants and vendors have reportedly partnered with Yangon Door 2 Door. Despite a rapid increase in user bases as awareness of the delivery services has grown, most of the customers are young people. According to the Frontier's Article of Pedal Power Recipe for Business Success, nearly half of Yangon Door 2 Door's users are aged between 25 and 34.

### 3.4 The Growing Food Delivery Market in Myanmar

According to the global research, the global food ordering and the delivery market is growing rapidly in most countries, with an overall annual growth rate estimated at just 3.5 percent for the next five years.

**Figure 3.1 Growth Rate of Food Delivery Market**



Source: [www.myanmarinsider.com/rising-trends-in-food-deliveries/#respond\(2020\)](http://www.myanmarinsider.com/rising-trends-in-food-deliveries/#respond(2020))

Currently, out of the total traditional food ordering market, 47% is offline while 53% is conducted online. This figure is expected to flip in the next couple of years. Overall, this sector is growing at an annual rate of 3.7%, but interestingly, online food ordering and the delivery sector was expected to grow at 15-20% in 2019. The food delivery industry is expected to have a market volume of \$146,654 million by 2022. The largest segment of the food delivery market is restaurant-to-consumer delivery with a market volume of \$58,008 million by 2020.

There has been tremendous growth in the online food delivery sector in the past few years and is expected to grow at a rapid pace in the coming few years. The process of growing food delivery service in Myanmar and other countries is totally different. Unlike other countries, Myanmar is very different, just an opening up country which is very much ethics influencing in terms of developing. It is also in early stages of a lot of changes taking place.

An increase in smartphone users has given a boost to online food delivery services. Smartphone users are the primary online shoppers for the food delivery industry and an increase in the number of smartphone users reflects a potential increase in online spending and ordering times.

**Table 3.1 Order Times per Week**

<b>Order Times per Week</b>	<b>No. of Respondents</b>	<b>Percent</b>
1-3	322	83.6
4-6	41	10.6
7 and above	22	5.7
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

In Table 3.1, respondents who ordered 1-3 times per week were 83.6 percent. Most of the respondent used food delivery applications to order food one to three times per week. This means that consumers occasionally used food delivery applications because the convenience of ordering food increase and consumers can place orders for whatever food and it delivered at their desired location.

**Table 3.2 Spending per Order**

<b>Spending per Order</b>	<b>No. of Respondents</b>	<b>Percent</b>
Below 5,000 Ks	82	21.3
5,000-10,000 Ks	197	51.2
10,000-15,000 Ks	63	16.4
15,000-20,000 Ks	27	7.0
Above 20,000 Ks	16	4.2
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

According to Table 3.2, respondents of 21.3 percent spent below 5,000 Ks and 51.2 percent of respondents spent 5,000-10,000 Ks per order. Spending range per order of 10,000-15,000 Ks was 16.4 percent. 7 percent of respondent spent between 15,000-20,000 Ks and 4.2 percent of respondent spent above 20,000 Ks. Most of the

consumer spends five thousand kyats to ten thousand kyats and order one to three times a week. Therefore, a consumer spends at least 5,000 kyats to 30,000 kyats per week. That is why consumer spending on food delivery is large.

According to the latest consumer trend, the food delivery market is likely to raise the prospects. Owing to the Corona Virus outbreak and the measure to contain it, the economy has faced a slowdown and negative growth rate in 2020. The food delivery sector is anticipated to extend because numerous people are staying at home and practicing social distancing. By applying safety measures such as no contact delivery, online food delivery businesses have created an opportunity.

## CHAPTER 4

### ANALYSIS OF THE FACTORS INFLUENCING CONSUMERS’ PREFERNECE TO USE FOOD DELIVERY APPLICATION

This chapter consists of respondent demographic profiles, electronic word-of-mouth, perception on price, experience, and perception on service provider, reliability analysis, consumers’ preference to use food delivery application and analysis of the factors influencing consumers’ preference to use food delivery application.

#### 4.1 Respondents’ Demographic Profiles

According to Zikmund (2003), descriptive analysis is the process of transformation of raw data into a form that guides the researcher in better understanding and interpreting of the raw data. According to Hair et al. (2006), descriptive analysis refers to a set of scientific methods and procedures to identify and describe the existing characteristics of a target population. Descriptive statistics used to summaries the characteristic of the data.

**Table 4.1 Gender of Respondents**

<b>Gender</b>	<b>No. of Respondents</b>	<b>Percent</b>
Male	78	79.7
Female	307	20.3
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

The majority of the respondents were 307 females which were accounted for 79.7% and the rest of 20.3% were 78 males.

**Table 4.2 Age Group of Respondents**

<b>Age</b>	<b>No. of Respondents</b>	<b>Percent</b>
18-24 years	171	44.4
25-34 years	149	38.7
35-44 years	51	13.2
45-54 years	12	3.1
55 years and above	2	0.5
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

Respondents age group distributed into five age groups. This study revealed that 171 respondents of 18-24 years ages were 44.4 percent, 38.7 percent was the age between 25-34 years, 51 respondents of 35-44 years were 13.2 percent, 12 respondents of 45-54 years were 3.1 percent and 2 respondents of 55 years and above were 0.5 percent.

**Table 4.3 Marital Status of Respondents**

<b>Marital Status</b>	<b>No. of Respondents</b>	<b>Percent</b>
Single	321	83.4
Married	58	15.1
Others	6	1.6
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

In Table 4.3, this study found that 83.4 percent of respondents was single followed by 15.1 percent of married and the others (e.g. divorcee) were 1.6 percent. Therefore, single was the largest consumers of ordering food.

**Table 4.4 Education of Respondents**

<b>Education</b>	<b>No. of Respondents</b>	<b>Percent</b>
High school	3	0.8
Bachelor degree	211	54.8
Master degree	150	39.0
Doctorate degree	13	3.4
Others	8	2.1
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

In Table 4.4, this study found that respondents holding high school were 0.8 percent, 54.8 percent of respondents possessed bachelor degree, 39.0 percent of respondents was master degree holder, doctorate degree holders were 3.4 percent and others such as middle school were 2.1 percent.

**Table 4.5 Occupation of Respondents**

<b>Occupation</b>	<b>No. of Respondents</b>	<b>Percent</b>
Student	89	23.1
Self-employed	40	10.4
Government sector	68	17.7
Private sector	149	38.7
Unemployed (e.g. housewife)	2	0.5
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

In Table 4.5, this study showed that 23.1 percent of respondent was students and self-employed was 10.4 percent, 17.7 percent of respondents were government sector employee, 38.7 percent of respondents were private sector employees and unemployed (e.g. housewife) was 0.5 percent.

**Table 4.6 Monthly Income of Respondents**

<b>Monthly Income</b>	<b>No. of Respondents</b>	<b>Percent</b>
Below 200,000 Ks	84	21.8
200,000-300,000 Ks	93	24.2
300,000-400,000 Ks	61	15.8
400,000-500,000 Ks	31	8.1
Above 500,000 Ks	116	30.1
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

With regard to the income level in Table 4.6, majority respondents' income level was above 500,000 Ks, which consisted of 30.1 percent of respondents, followed by 24.2 percent of respondents with income between 200,000-300,000 Ks. It also found that 21.8 percent of respondents was the income below 200,000 Ks, 15.8 percent of respondent was the monthly income of 300,000-400,000 Ks and respondents' income level of 400,000-500,000 Ks were 8.1 percent.

**Table 4.7 Resident Type of Respondents**

<b>Resident Type</b>	<b>No. of Respondent</b>	<b>Percent</b>
House	185	48.1
Apartment	126	32.7
Condominium	7	1.8
Hostel	61	15.8
Others	6	1.6
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

Table 4.7 describes the resident type. This study found that 48.1 percent lived at house, 32.7 percent of residents lived at apartment, 1.8 percent at condominium, 15.8 percent of respondent lived at hostel and the others such as rented house were 1.6 percent.

**Table 4.8 With whom the Respondents Live**

<b>Staying in</b>	<b>No. of Respondents</b>	<b>Percent</b>
Alone	40	10.4
Parents	201	52.2
Relatives	51	13.2
Friends	70	18.2
Others	23	6.0
<b>Total</b>	<b>385</b>	<b>100.0</b>

Source: Survey Data (2020)

In Table 4.8, this study found that 10.4 percent of respondents lived alone, 52.2 percent of respondent lived with parents, 13.2 percent of respondent lived with relatives, 18.2 percent lived with friends and the rest of others (e.g. couple, partner) were 6 percent.

#### 4.2 Electronic Word-of-Mouth, Perception on Price, Experience, and Perception on Service Provider

According to Sekaran & Bougie (2010), less than 2.00 was as low level of means value, between 2.00 and less than 3.5 was as moderate level of means value and 3.50 or higher was high level of mean value.

Table 4.9 shows the mean value through data analyzing for electronic word-of-mouth to consumers' preference to use food delivery applications.

**Table 4.9 Electronic Word-of-Mouth**

No.	Statements	Mean Value
1.	The online reviews and ratings are credible.	3.65
2.	The online reviews and ratings have sufficient reasons to support the opinions.	3.68
3.	I think the persons who provided online reviews and ratings have experienced.	3.86
4.	I think the greater quantity of online reviews and ratings the greater demand of food delivery services.	3.91
5.	I think online reviews and ratings can help to choose better food delivery service.	4.06
	<b>Overall Mean</b>	<b>3.83</b>

Source: Survey Data (2020)

According to survey result, respondents had the highest level at electronic word-of-mouth of “I think online reviews and ratings can help to choose better food delivery service.” with the mean score of 4.06 and it is because today consumers can compare reviews and ratings in order to choose a better one. And most of the respondents had lowest level as “The online reviews and ratings are credible.” with the mean score of 3.65 and it may not be reliable all of the online reviews posted by some reviewers. The overall mean score is high level because the overall mean score is 3.83.

Table 4.10 shows the mean value by analyzing data for perception on price on the consumers' preference to use food delivery applications.

**Table 4.10 Perception on Price**

No.	Statements	Mean Value
1.	I think price promotion makes me to use more online food delivery service.	4.28
2.	I think ordering food online is fair price.	3.43
3.	I can save money by comparing the prices offered at different restaurants for purchasing food.	3.61
4.	I like to search for cheap deals at different restaurants.	3.79
	<b>Overall Mean</b>	<b>3.62</b>

Source: Survey Data (2020)

According to the result, respondents had the highest level at electronic word-of-mouth of “I think price promotion makes me to use more online food delivery service.” with the mean score of 4.28 and it is because promotion such as price reduction may encourage consumers to use more online food delivery service. And most of the respondents had lowest level as “I think ordering food online is fair price.” with the mean score of 3.43 because of high price ordering food online. The overall mean score is 3.62 and two out of four statements are above its mean score.

Table 4.11 shows the mean value by analyzing data for experience on the consumers’ preference to use food delivery applications.

**Table 4.11 Experience**

No.	Statements	Mean Value
1.	Online food delivery service is easy to use.	4.27
2.	Online food delivery service is time saving.	4.19
3.	Online food delivery application provides data completeness.	3.72
4.	Online food delivery application provides wider payment options to choose.	3.82
5.	Online food delivery application provides status tracking.	3.76
	<b>Overall Mean</b>	<b>3.95</b>

Source: Survey Data (2020)

According to the result, respondents had the highest level at experience of “Online food delivery service is easy to use.” with the mean score of 4.27 and it is because food delivery applications interface easy to use and user friendly. And most of the respondents had lowest level as “Online food delivery application provides data completeness.” with the mean score of 3.72 because food delivery applications may only provide limited data. The overall mean score is 3.95 and two out of five statements are above its mean score.

Table 4.12 shows the mean value by analyzing data for perception on service provider towards consumers’ preference to use food delivery applications.

**Table 4.12 Perception on Service Provider**

<b>No.</b>	<b>Statements</b>	<b>Mean Value</b>
1.	Food delivery application charges reasonable delivery fee.	3.67
2.	Food delivery application provides faster delivery.	3.68
3.	Food delivery application provides wider service coverage.	3.67
4.	Food delivery application has variety of restaurants.	3.96
5.	Food delivery application interface is easy to use.	4.05
	<b>Overall Mean</b>	<b>3.80</b>

Source: Survey Data (2020)

According to the result, respondents have the highest level at experience of “Food delivery application interface is easy to use.” with the mean score of 4.05 and it is because most of the consumers keep in touch with technology such as using applications to order food. And most of the respondents have lowest level as “Food delivery application provides wider service coverage.” with the mean score of 3.67 because food delivery application cannot get access to use in some townships. The overall mean score is 3.80 and two out of five statements are above its mean score.

### **4.3 Reliability Analysis**

Reliability test is used to decide the degree of stability and consistency with which the repeated measurement is made on the characteristic (Zikmund, 2003). Cronbach’s Alpha Reliability test allow researcher to generate consistent results by

testing the reliability of this study. Coefficient alpha also referred as Cronbach's Alpha. The measurement of Cronbach's Alpha is indicated as a number 0 and 1. According to George & Mallery (2003), the Cronbach's Alpha coefficient closer to 1, the better the internal consistency of the items is in the scale. The rules of thumb for Cronbach's Alpha reliability scale were as the table.

**Table 4.13 Interpretation Scale of Cronbach's Alphas Test Results**

Scale	Interpretation
> 0.9	Excellent
> 0.8	Good
> 0.7	Acceptable
> 0.6	Questionable

Source: George & Mallery (2003).

According to Hair et al. (2003), researcher generally considers an alpha of 0.7 as a minimum, although lower coefficients may be acceptable, but it was depending on the research objectives. In the other hands, an alpha value greater than 0.60 is consider reliable. However, according to Hamid et al. (2013), Cronbach's alpha value is acceptable if it's alpha value greater than 0.50. The reliability test result for each variable will be shown in the following table.

**Table 4.14 Reliability Test Result for Each Variable**

Variables		No of Items	Cronbach's Alpha
Dependent Variable	Online Food Delivery Selection Decision	6	.744
Independent Variable	Electronic Word-of-Mouth	5	.786
	Perception on Price	4	.601
	Experience	5	.745
	Perception on Service Provider	5	.793

Source: Survey Data (2020)

Based on the result of Cronbach’s alpha, all variables are considered reliable because they achieved alpha value 0.6 and above. In other word, the variables had good internal consistency reliability. It also means that all variables in this study are more than acceptable as recommended values of 0.60. This show that all the 26 items were reliable and valid to measure the consumers’ online food delivery selection decision.

#### 4.4 Consumers’ Preference to Use Food Delivery Application

Table 4.15 shows the mean value by analyzing data for consumers’ preference to use food delivery application.

**Table 4.15 Consumers’ Preference to Use Food Delivery Application**

<b>No.</b>	<b>Statements</b>	<b>Mean Value</b>
1.	I’m likely to be selected by offers available on food apps. (e.g. discount)	4.14
2.	I believe customer reviews/ ratings help to decide whether to order from the particular food apps.	3.96
3.	I have been influenced by social media posts to use food apps.	3.73
4.	I choose a restaurant by food app that it is value for money.	3.76
5.	I select food delivery app that it is easy to use.	4.07
6.	I select food delivery app that is delivered right time.	3.86
	<b>Overall Mean</b>	<b>3.92</b>

Source: Survey Data (2020)

According to the result, respondents had the highest level at consumers’ preference to use food delivery application of “I’m likely to be selected by offers available on food apps. (e.g. discount)” with the mean score of 4.14 and it is because most of the consumers prefer to use more when offering discounts. And most of the respondents had lowest level as “I have been influenced by social media posts to use food apps.” with the mean score of 3.73 because social media post is partially influenced the consumers to use food delivery applications. The overall mean score is

3.92. Moreover, the statement of “I select food delivery app that it is easy to use” and “I believe customer reviews/ ratings help to decide whether to order from the particular food apps” were high level of mean scores because most of the consumers are young who are familiar with technology to use applications and today consumers use previous consumers reviews and ratings to order from which applications by comparing among many food delivery applications. In addition, the statement of “I have been influenced by social media posts to use food apps” and “I choose a restaurant by food app that it is value for money” are lower level of mean values. This is because consumers think social media post less influences on consumers’ using food apps and consumers choose food delivery application with their own choice regardless of value for money.

#### **4.5 Analysis of the Factors Influencing Consumers’ Preference to Use Food Delivery Application**

Multiple regressions analysis is used to determine the relationship between variables and to predict value of the dependent variables (Y) based on value of independent variables (X). Likewise, both independent variable and dependent variable are metric that is interval scales. Dependent variable (Y) is a criterion or a variable that is to be predicted or explained (Zikmund, 2003). In this research, the dependent variable is the consumer preference to use food delivery application. Researchers proved by the data collected about whether the influencing factors of electronic word-of-mouth, perception on price, experience and perception on service provider have relationship between consumers’ preference to use food delivery application. It also allowed researcher to test which factors have significant relationship with consumers’ preference to use food delivery application.

Table 4.16 shows the analysis of factors influencing consumers’ preference to use food delivery application through regression analysis the independent variables of electronic word-of-mouth, perception on price, experience and perception on service provider with the dependent variable.

**Table 4.16 Analysis of Factors Influencing Consumers' Preference to Use Food Delivery Application**

Independent Variables	Unstandardized Coefficients		Standardized Coefficients (Beta)	T	sig
	B	Std. error			
Constant	.255	.189		1.349	.178
Electronic Word-of-Mouth	.177***	.041	.174	4.301	.000
Perception on Price	.251***	.046	.217	5.414	.000
Experience	.206***	.047	.203	4.352	.000
Perception on Service Provider	.332***	.042	.353	7.886	.000
$R^2$	.521				
Adjusted $R^2$	0.516				
F-test	103.276 ***				
Sig	0.000				

Source: Survey Data (2020)

Note: \*\*\* indicates that significant at 1 percent confident level

The F-test was 103.276 and the p-value = 0.000 means that the influencing factors are significantly explained the consumers' preference to use to use food delivery application.  $R^2 = 0.521$  which define relationship between these four variables and dependent variable. The adjusted  $R^2$  was equal to 0.516 which showed that about 51.6% of the variation in the consumer preference to use food delivery application was explained by the factors influencing and the rest of 48.4% was explained by other factors.

Based on the regression equation, researcher had calculated the statistical result:

$$OFDSD = 0.255 + 0.177(EWOM) + 0.251(PP) + 0.206(E) + 0.332(PSP)$$

OFDSD = Online Food Delivery Selection Decision

EWOM = Electronic Word-of-Mouth

PP = Perception on Price  
E = Experience  
PSP = Perception on Service Provider

From the result, it showed that increase of 0.177 (EWOM), 0.251 (PP), 0.206 (E), and 0.332 (PSP) in order to increase 1 unit of consumer preference to use food delivery application. In additions, among the four independent variables, perception on service provider was the most important predictor in this study because it was the strongest influential on consumer preference to use food delivery application where unstandardized beta equal to 0.332, followed by perception on price (0.251), experience (0.206) and electronic word-of-mouth (0.177).

The respondents are consumers who had used food delivery application who lived in Yangon and who are eighteen years and above. The regression analysis showed that respondents had positively effect of electronic word-of-mouth, perception on price, experience and perception on service provider towards consumers' preference to use food delivery application. All the factors influenced the consumers' preference to use food delivery application because respondents considered reasonable delivery fee, wide service coverage, variety of restaurants, faster delivery and ease of use regarding the perception on service provider. Regarding with price, price promotion, and fair delivery charges made consumer to use more online food delivery service. The greater the quantity of online reviews and ratings was the greater the demand of food delivery service. Good consumers' experience was the reason to use food delivery application next time. Therefore, these were the main reasons of why all the influencing factors had positively effect on consumers' preference to use food delivery application.

## **CHAPTER 5**

### **CONCLUSION**

After completed data analysis, this chapter discusses on the findings and discussion in detailed. This chapter thoroughly interprets the research results, provided the suggestions and recommendation. This chapter ends with limitation and needs for further study.

#### **5.1 Findings and Discussion**

According to the results, demographic profile of respondents was analyzed in terms of gender, age, marital status, education, occupation, income, where do you live, who do you live with, order times per week and spending per order. In term of gender, most of the respondents were female than male. This means that female consumers order online food delivery than male. In term of age, consumers are mostly young. It states that young respondents mostly prefer in purchasing online food as compared to elder people. Youths are more technically known. In term of marital status, single is the maximum number of respondents while ordering food. This is because singles are not cooked regularly and especially have made to order food. In term of education, the maximum number of respondents who use food apps are bachelor degree holder followed by master degree. In term of occupation, majority of respondents are private sector. This is because private sector employees are busy and there is no time to cook meals followed by student. Students more use food delivery applications because of time constraint and according to age.

In term of income, high income respondents are used more food delivery application because of high ordering delivery fees and ordering food is a little expensive than dining in restaurants and it is not comfortable for low-income respondents. In term of resident type, the largest respondents are consumers who lived in house. And consumer who lived with parents are the largest which is accounted for. In term of spending per order, most of the respondents spend five hundred thousand Kyats to ten thousand Kyats per order. In term of order time per week, one to three times are the largest frequency of ordering food. It can be interpreted that food apps are not used every day because it is assumed that respondents prefer home cooked food over food ordered from restaurant.

This study analyzes on the factors that were assumed to have an impact on consumers' preference to use food delivery application. According to the analysis on electronic word-of-mouth, most of the respondent think online reviews and ratings help in choosing food delivery service. However, some online reviews are not credible because some reviewers mislead its contents of reviewing. According to the analysis on price, price promotion makes consumers to use more online food delivery application. Ordering food online cost is higher than dining in restaurant as it is added delivery charges. The consumers are also often influenced by discounts and cash back they enjoy. According to the analysis on experience, most of the respondents use food delivery application as it is easy to use. However, it does not provide data completeness. Some negative experience of friends and family also in some cases prevents the consumers on using the process. According to the analysis of perception on service provider, consumers are likely to be selected by offers such as buy one get one free or free delivery on food delivery application. Consumers have been influenced least by social media post to use food delivery application.

By analyzing regression, this study explores the factors influencing of consumers' preference to use food delivery application. It also described which the most influencing factor is and which are less influential in consumers' preference to use food delivery application. According to the result, perception on service provider is the most influential and electronic word-of-mouth is the least influential in consumers' preference to use food delivery application among the influencing factors of electronic word-of-mouth, experience, perception on price and perception on service providers. It also finds that the significant relationship between all factors considered important while selecting a food delivery app.

## **5.2 Suggestions and Recommendation**

Most of the respondents felt perception on service provider the most important factor in selecting the online food delivery. The better perception on service provider is one of the reasons for consumers to ordering food through online. Therefore, food apps can consider this and improve their service. The online food ordering apps have to improve their restaurants sites, reasonable delivery fees, faster delivery, and wider service coverage, variety of restaurants and easy use of application to satisfy the customer in better way.

Perception on price is the next influencing factors of respondent in ordering food online. Therefore, food apps should reduce delivery charges and provide price promotion in order to use more online food delivery services. Consumers compare the prices of different restaurant in each food apps for ordering food and choose a cheapest deal. By reducing the price of ordering food, the greater customer can order more.

On analyzing the consumer perception of online food ordering, it is understood that online food delivery app helps consumers in the easy and fast ordering of food. It gives every detail of the customer's order, thereby providing the best customer service. The tracking system is an added advantage for the users. Online food ordering system should maintain the service provider to keep a database and enhance the customer experience. Food delivery companies must also make sure that the apps are comfortable and user friendly. The special apps are a convenient way for the customers to place orders and for the company to attract further more consumers but the comfort of usage must be given a higher performance.

Online food ordering apps nowadays become fast moving In Myanmar, and people do not find adequate time to go for ordering food because of the fast pace of life. The internet has become a major source in digital era where online food ordering has gained significance not only by the entrepreneurs but also among the customer. Online food ordering is in the fingertip of the consumer. It gives a different and consumer can make the food ordering more fashionable over the internet as they getting used it and becomes more enjoyable and easier. Especially, during the Covid-19 pandemic, people want to stay at home and do not want to go eating out. The changing lifestyle of consumers has undoubtedly transformed the trends in online food ordering scenario.

### **5.3 Limitations and Need for Further Study**

In spite of the findings and implications of this study, it is limited in certain aspects. The food delivery apps are accessible only in selected townships in Yangon which makes the service unavailable to people who reside in other areas. The research was confined to Yangon region alone among users of age groups over 18 years and old. Therefore, the generalizability of the findings may be limited. In the sample, the proportion of respondents in younger age was higher since it is used

online survey method, which tend to be favored by younger people and older people tend to less familiar with online research. In addition, although online survey is often carried out in consumer research, they may still lead to selection bias. The user preference of online food ordering differs from individual to individual. One of the limitations was that the number of people who have taken the survey was not as vast as expected, and a detailed understanding of customers using food apps were not achievable in terms of what was the difference between ordering via telephone and using food apps and any problems they have faced while using food apps. The research was limited to consumer perception of online food ordering. The marketer or merchandiser perception was not analyzed in the research paper.

The food delivery market has enormously changed over the last few years especially this year with rapid urbanization and endless influx from neighboring places to cities. Ordering a meal from outside and eating in home has become a tradition these days with the increasing number of smartphones, food delivery apps and consumers' changing lifestyles in new normal of Covid-19 pandemic. This research gave an idea about the usage of online food delivery apps can have a positive impact on the food delivery business. The issues faced by the online food delivery currently can be solved in the future after Pandemic of Covid-19 which leaves scope for further study.

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### **Website**

<https://datareportal.com/reports/digital-2020-myanmar>

**FACTORS INFLUENCING OF CONSUMERS' ONLINE FOOD DELIVERY  
SELECTION DECISION**

**Screening Questions**

1. Have you order food from online food delivery service?

Yes  No (End of questionnaire)

2. Are you older than 18 years old?

Yes  No (End of questionnaire)

**Demographic profile**

1. Gender  Male  Female
2. Age  18-24 years  25-34 years  35-44 years  
 45-54 years  Above 55 years
3. Marital Status  Single  Married  Others
4. Education  High school  Bachelor degree  
 Master degree  Doctorate degree  Others
5. Occupation  Student  Self-employed  Government sector  
 Private sector  Unemployed (e.g. housewife)  
 Others
6. Income  Below 100,000 Ks  100,000 - 200,000 Ks  
 200,000-300,000 Ks  300,000 - 400,000 Ks  
 400,000 - 500,000 Ks  Above 500,000 Ks
7. Where do you live?  
 House  Apartment  Condominium  Hostel  Others
8. Who do you live with?  
 Alone  Parents  Relatives  Friends  Others
9. How many times do you order from online food delivery services per week?  
 1-3  4-6  7 and above
10. How much do you spend per order?  
 Below 5,000 Ks  5,000 – 15,000 Ks  15,000- 25,000 Ks  
 25,000 – 35,000 Ks  Above 35,000 Ks

Based on your opinion, please indicate the most appropriate response with the scale given below.

(1)= Strongly Disagree, (2)=Disagree, (3)=Neutral, (4)=Agree, (5)=Strongly Agree

**Electronic Word of Mouth**

Factors	1	2	3	4	5
1. The online reviews and ratings are credible.					
2. The online reviews and ratings have sufficient reasons to support the opinions.					
3. I think the persons who provided online reviews and ratings have experienced.					
4. I think the greater quantity of online reviews and ratings the greater demand of food delivery services.					
5. I think online reviews and ratings can help to choose better food delivery service.					

**Perception on Price**

Factors	1	2	3	4	5
1. I think price promotion makes me to use more online food delivery service.					
2. I think ordering food online is fair price.					
3. I can save money by comparing the prices offered at different restaurants for purchasing food.					
4. I like to search for cheap deals at different restaurants.					

## Experience

Factors	1	2	3	4	5
1. Online food delivery service is easy to use.					
2. Online food delivery service is time saving.					
3. Online food delivery application provides data completeness.					
4. Online food delivery application provides wider payment options to choose.					
5. Online food delivery application provides status tracking.					
6. Food delivery application can help me to find new restaurants.					

## Perception on Service Providers

Which online food delivery applications do you know? (You can choose more than one answer)

- Food Panda       Grab Food     Door 2 Door  
 Food Mall         Food 2 U      Hi-so Mall

Factors	1	2	3	4	5
1. Food delivery application charges reasonable delivery fee.					
2. Food delivery application provides faster delivery.					
3. Food delivery application provides wider service coverage.					
4. Food delivery application has variety of restaurants.					
5. Food delivery application interface is easy to use.					

### Food Delivery Selection

Factors	1	2	3	4	5
1. I'm likely to be selected by offers available on food apps. (e.g. discount)					
2. I believe customer reviews/ ratings help to decide whether to order from the particular food apps.					
3. I have been influenced by social media posts to use food apps.					
4. I choose a restaurant by food app that it is value for money.					
5. I select food delivery app that it is easy to use.					
6. I select food delivery app that is delivered right time.					

- Thank you very much -

## APPENDIX - B

### Frequencies

		Statistics					
		Gender	Age	Marital Status	Education	Occupation	Income
N	Valid	385	385	385	385	385	385
	Missing	0	0	0	0	0	0

### Frequency Table

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	307	79.7	79.7	79.7
	Male	78	20.3	20.3	100.0
	Total	385	100.0	100.0	

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24 years	171	44.4	44.4	44.4
	25-34 years	149	38.7	38.7	83.1
	35-44 years	51	13.2	13.2	96.4
	45-54 years	12	3.1	3.1	99.5
	55 years and above	2	.5	.5	100.0
	Total	385	100.0	100.0	

		Marital Status			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	58	15.1	15.1	15.1
	Others	6	1.6	1.6	16.6
	Single	321	83.4	83.4	100.0
	Total	385	100.0	100.0	

### Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor degree	211	54.8	54.8	54.8
	Doctorate degree	13	3.4	3.4	58.2
	High school	3	.8	.8	59.0
	Master degree	150	39.0	39.0	97.9
	Others	8	2.1	2.1	100.0
	Total	385	100.0	100.0	

### Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government sector	68	17.7	17.7	17.7
	Others	37	9.6	9.6	27.3
	Private sector	149	38.7	38.7	66.0
	Self-employed	40	10.4	10.4	76.4
	Student	89	23.1	23.1	99.5
	Unemployed (e.g. housewife)	2	.5	.5	100.0
	Total	385	100.0	100.0	

### Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	200,000 - 300,000 Ks	93	24.2	24.2	24.2
	300,000 - 400,000 Ks	61	15.8	15.8	40.0
	400,000 - 500,000 Ks	31	8.1	8.1	48.1
	Above 500,000 Ks	116	30.1	30.1	78.2
	Below 200,000 Ks	84	21.8	21.8	100.0
	Total	385	100.0	100.0	

## Frequencies

		Statistics			
		Where do you live?	Who do you live with?	How many times do you order from online food delivery services per week?	How much do you spend per order?
N	Valid	385	385	385	385
	Missing	0	0	0	0

## Frequency Table

		Where do you live?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Apartment	126	32.7	32.7	32.7
	Condominium	7	1.8	1.8	34.5
	Hostel	61	15.8	15.8	50.4
	House	185	48.1	48.1	98.4
	Others	6	1.6	1.6	100.0
	Total	385	100.0	100.0	

		Who do you live with?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Alone	40	10.4	10.4	10.4
	Friends	70	18.2	18.2	28.6
	Others	23	6.0	6.0	34.5
	Parents	201	52.2	52.2	86.8
	Relatives	51	13.2	13.2	100.0
	Total	385	100.0	100.0	

## How many times do you order from online food delivery services per week?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	43891	322	83.6	83.6	83.6
	43986	41	10.6	10.6	94.3
	7 and above	22	5.7	5.7	100.0
	Total	385	100.0	100.0	

### How much do you spend per order?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10,000- 15,000 Ks	63	16.4	16.4	16.4
	15,000 – 20,000 Ks	27	7.0	7.0	23.4
	5,000 – 10,000 Ks	197	51.2	51.2	74.5
	Above 20,000 Ks	16	4.2	4.2	78.7
	Below 5,000 Ks	82	21.3	21.3	100.0
	Total	385	100.0	100.0	

## Descriptives

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
E1	385	1	5	3.65	.759
E2	385	1	5	3.68	.816
E3	385	1	5	3.86	.799
E4	385	1	5	3.91	.885
E5	385	1	5	4.06	.825
Valid N (listwise)	385				

## Descriptives

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
P1	385	1	5	4.28	.893
P3	385	1	5	3.43	.925
P4	385	1	5	3.61	.992
P5	385	1	5	3.79	.942
Valid N (listwise)	385				

## Descriptives

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EE1	385	1	5	4.27	.783
EE2	385	1	5	4.19	.886
EE3	385	1	5	3.72	.837
EE4	385	1	5	3.82	.902
EE5	385	1	5	3.76	.866
Valid N (listwise)	385				

## Descriptives

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PS1	385	1	5	3.67	.917
PS2	385	1	5	3.68	.908
PS3	385	1	5	3.67	.874
PS4	385	1	5	3.96	.848
PS5	385	1	5	4.05	.834
Valid N (listwise)	385				

## Descriptives

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
R1	385	1	5	4.14	.817
R2	385	1	5	3.96	.831
R3	385	1	5	3.73	1.006
R\$	385	1	5	3.76	.885
R%	385	1	5	4.07	.874
R^	385	1	5	3.86	.907
Valid N (listwise)	385				

## Descriptives

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TEW	385	1.80	5.00	3.8327	.60058
TPP	385	2.00	5.00	3.6249	.52599
TE	385	1.80	5.00	3.9532	.60216
TPS	385	1.40	5.00	3.8047	.64846
TR	385	1.67	5.00	3.9195	.60918
Valid N (listwise)	385				

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.786	.788	5

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.601	.598	4

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.745	.746	5

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.793	.794	5

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.774	.775	6

## Regression

### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	TPS, TPP, TEW, TE <sup>b</sup>	.	Enter

a. Dependent Variable: TR

b. All requested variables entered.

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.722 <sup>a</sup>	.521	.516	.42388573552 8167	.521	103.276	4

### Model Summary<sup>b</sup>

Model	Change Statistics	
	df2	Sig. F Change
1	380	.000

a. Predictors: (Constant), TPS, TPP, TEW, TE

b. Dependent Variable: TR

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74.226	4	18.556	103.276	.000 <sup>b</sup>
	Residual	68.278	380	.180		
	Total	142.504	384			

a. Dependent Variable: TR

b. Predictors: (Constant), TPS, TPP, TEW, TE

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	.255	.189		1.349	.178
	TEW	.177	.041	.174	4.301	.000
	TPP	.251	.046	.217	5.414	.000
	TE	.206	.047	.203	4.352	.000
	TPS	.332	.042	.353	7.886	.000

a. Dependent Variable: TR

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.306379318237 305	5.083312988281 250	3.9194805194 80520	.43965490647 3430	385
Residual	-1.7162363529 20532	1.270111083984 375	-.0000000000 00001	.42167221786 3298	385
Std. Predicted Value	-3.669	2.647	.000	1.000	385
Std. Residual	-4.049	2.996	.000	.995	385

a. Dependent Variable: TR