

## **CUSTOMER PERCEPTION TOWARDS ONLINE FOOD DELIVERY APPS AND ITS IMPACTS ON RESTAURANT BUSINESS**

**\*Fezeena Khadir \*\*Madhuri Giridhar \*\*\*Piyush Pathak**

\*Assistant Professor, Christ University, Bangalore

\*\*,\*\*MBA alumni, Class of 2020, Christ University, Bangalore

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### **ABSTRACT**

E-commerce- a wave of trends in trade and commerce, of the food delivery applications have created a huge movement among young people and almost every street in all cities gives a view of traffic on Zomato, Food Panda, Swiggy, Uber eats etc. Several such food apps have been connected to various restaurants in order to capture the satisfaction of foodies by delivering food to their doorstep. Customer opinion is a driving force in such service industries and the attitude of an individual towards a product or services is influenced by advertising, social media word-of-mouth, own views and experiences. This study is an attempt to understand the factors that influence the usage of such online food delivery applications. The study is based on primary data and confined to Bangalore city, among the respondents of the age group 18 - 45 years. It could be observed that almost 50% of the respondents had a propensity to order food weekly. The delivery speed was the most pertinent reason to choose a particular app. Moreover, offers and discount schemes were also the motivating factors to opt for a specific provider.

**Keywords:** - Consumer Experience, Food Delivery Apps, quality indicators, Awareness Level

### **INTRODUCTION**

Today's economy is increasingly characterized as a Service economy, primarily due to Service sectors growing importance and market share in developed and developing economy. Advancements in the field of technology and e-commerce have provided a further boost to service sectors. One of the prime examples is that of a Food Sector. Long gone are the days, when restaurants were solely serving customers within a physical outlet and if it was a neighborhood hotel or restaurant, customers had options to call and order for food, which would be delivered by restaurant's delivery staff with no constraints of time. One of the classic example was the Dabba-Wala system in Mumbai (Maharashtra), which is unique of its kind and well organized. Dabba-Wala has been catering to the needs of customers on a daily basis at a pre-defined price inside Maharashtra. But there was a major population even outside Maharashtra, who were required to visit a restaurant or a hotel, if the food was not prepared in home.

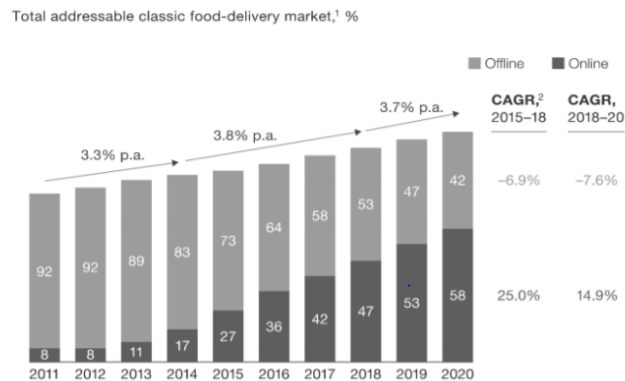
The application of technology in every business is important and has grown up increasingly in all possible manner to bring various dimensions at market place including supply chain management and logistics management, customer relationship management, secure payment and efficient settlement system like e-ticketing , entertainment, education, travelling and any kind of agency business because search data always consists of product information, sales distribution channels and customer support delivery which is important for any kind of marketer in the business place.

Especially looking at hotel industry, their major concern is its service ambience and most importantly the food. But the nature of perception differs from customer to customer therefore, it is not necessary that every customer is interested only in good service and ambience. But in fact, majority of the customers enjoy eating food at restaurants only because of its taste.

### **EXPECTED GROWTH IN ONLINE-OFFLINE FOOD INDUSTRY**

Smart phone culture paved the way and opportunity for food industry to reach customers online. Zomato was one of the first apps in India to provide reviews about restaurants and facility for table

booking and ordering food online. Now in 2018, there are a number of online food ordering apps, with their unique features and offers to gain a market share.



Source: <https://mckinsey.com>

Online Food Delivery apps have made life so comfortable for stressed-out, busy urban Indians, who prefer ordering food online, rather than cooking. Features, variety of cuisines and faster food delivery have resulted in these apps gaining a huge popularity world-wide. Available on App Store or Playstore, these food delivery apps are easily available on one's fingertips and provides an opportunity to customers for comparing prices across apps and order food accordingly.

With a rise of online food delivery apps and a fall of number of customers visiting physical stores, restaurant industry is now facing with a very stiff challenge of sustaining their business and is mostly depending on online apps to gain customers and boost their sales. Restaurants either come-up with their own apps (Fresh Menu, Dominos etc.) or partner-up with food delivery services (Zomato, Swiggy etc.). But in order to out-compete their competitors, it's important to understand customer's needs and preferences. This research paper tries to get an insight about customer's perception of a good offer and relative popularity of various food delivery apps. This research would help a restaurant to better position themselves in terms of offers, services and choice of food delivery app.

### INDIAN FOOD APP SCENARIO

Food app had its effect on the Indian economy with the digital business boom across the globe. Online food ordering companies have grown to a large extent. It is anticipated that the food market size in India will reach Rs. 42 lakh Crore by 2020, reports BCG. The Indian food market currently stands at around \$350 billion. The room comes with a lot of innovation for the comfort of their customers Comfort, happiness and retention. This has also created space for many new players targeting particular groups of individuals. Many fresh players join the segment with innovative business models like providing health-conscious individuals with food, home-cooked meals, etc. Food tech is the startup town's hot talk. After technology start-ups in e-commerce have made their mark in the e-commerce, taxi & actual estate industries are now seeking to satisfy the appetite of others by the ever-hungry Indian businessmen. Food tech is a vast market, and start-ups to deliver food are just a component of it. There are various apps in the Indian market such as:

- Food Panda
- Zomato
- Swiggy
- Box8
- Fasoos
- Fast food delivery apps

## PROCESS OF ONLINE FOOD DELIVERY SYSTEM



Source: [https:// internet webpage](https://internetwebpage)

## OPERATIONS OF ONLINE FOOD ORDERING SYSTEM

This system includes basic operations such as feeding the menu in real time and the availability of restaurant data with the App, offering and highlighting food menus and discounts, receiving the order, confirming the order after determining the payment method and receiving customer details, specifying the delivery time, placing the order and finally delivering the order in the specified time at a right place.

## IMPACT ON RESTAURANTS BUSINESS

### Customer experience

- It's a reality that if customer likes particular restaurant service, they will refer their family and friends to check out their food. They're going to be the greatest advertisers. So the restaurants must therefore commit to a service that will keep them visit again and again
- People don't want to spend 5-6 minutes by looking at the ordering catalog and stopping whatever job they were doing.
- One thing internet ordering is certainly going to do is "up your game" by making the ordering technique simple for industry users in restaurants when it comes to providing better service.
- When customers pick up their Smartphone's for online ordering, they will do so at their own convenience.
- Remember, they will look more closely at your internet menu this time and pick products from the menu after reading descriptions. By clicking on the screen a few times, your clients can order their favorite food and they do it from the comfort of their homes.

### Sales

- There are fewer distractions when customers order online. They don't have to make a quick decision on the products as no one is waiting to pass the order.
- There is usually no pressure to order. Therefore, your customers spend more time on the menu. And for your company, this is considered as good

- For cross-selling products, online ordering platforms are integrated. They order appetizers that they wouldn't order in the shop as they spend more time on the menu. Add-On menu items see better internet sales in the current market

### Savings

- It takes care of restaurants margins with online ordering scheme. Since the orders from restaurant do not go through a platform of a third party, the restaurants will notice a shift in their working margins.
- Other alternatives available do not function in a comparable manner, so restaurants have to use their portal to make use of their facilities, which delays processing and also charges a commission on each order processed.
- Getting a competitive advantage with your own online ordering mechanism.

### LITERATURE REVIEW

Advancement in technology and recent developments in mobile internet has boosted online food delivery apps to a great extent and changed the entire frame of restaurant industry and is predicted to do the same. According to **Gupta (2019)**, online food delivery apps has taken up restaurant business by storm. Customers now have options to compare restaurants, prices and offers across different apps. Not just the options, but the convenience of ordering from any place and at any point of time has hugely impressed the customers. Restaurants are now able to gain additional customers in their locality, thanks to food delivery apps, and have moved on from the traditional dine-in format to online food delivery and take-away. According to **Chandrasekhar, Gupta and Nanda (2019)**, consumers mostly prefer uniqueness in price, discounts & offers, quality and delivery and these elements play a huge role in shaping their buying decision and preference for a particular service or restaurant.

Today's generation is hugely driven by technology and comfort. According to **Sheryl and Kimes (2011)**, ease of availability of their desired food and perceived convenience, control on ordering food online services motivate current generation to use various food delivery apps. According to **Sethu and Saini (2016)**, online food delivery apps help students save time and provide those options and various offers over different food delivery apps. In a research conducted by **Liu and Florkowski (2018)**, online food delivery services have gained a huge market. These food delivery apps and online ordering helps busy urban population with specific selection at any time. According to the customers, quality of the service was perceived from the variables like safety of food and food quality, whereas speed of delivery was associated with the kind of food ordered.

A drastic and continuous change in restaurant industry has forced restaurants to explore opportunities online. According to **See-Kwong, Soo-Ryue, Shiun-Yi and Lily (2017)**, even a struggling restaurant can explore new opportunities by outsourcing food delivery services and explore new markets and gain new customers. Outsourcing food delivery services also helps a restaurant to reduce cost and gain profit. Food delivery apps have gained a large popularity and restaurants offer reasonable prices and various offers. According to **Jacob, Sreedharan and Sreena (2019)**, restaurant businesses have experienced a boom in their business, thanks to online delivery apps and have a customer base more than ever. These apps help customers to avoid the wait times in restaurant and helps them save time. According to a research conducted by **Kimes (2011)**, restaurants who deliver food online are easily identifiable by customers and result in a choice while exploring food offline. Online food delivery services not just help a restaurant to gain business online, but offline too. So, restaurants should be very clear about the choices of platform for food delivery services to promote their business.

**Gronroos (1984)** through his research paper revealed that quality dimensions in a market place are inter-related. Restaurants and food delivery services should give utmost importance to the quality to sustain in the market. Compromise on any of the quality variables like food quality, service quality and delivery time, would cost a business dearly.

Online food delivery apps are very popular not just among students and working individuals, but families too. According to a survey by **Mary and Nancy (2018)**, online food delivery services are a

popular choice among family rather than dining out. Fast food restaurants are the most popular choices and these restaurants and food delivery services should use a better marketing effort, discounts and offers and delivery speed to attract more and more household customers.

## OBJECTIVES

- To analyze the factors which attract the customers most.
- To analyze what channel is used more frequently in online food ordering
- To find out customers perceptions and knowledge of online food ordering that influence their buying decisions.

## Hypothesis

H1: there is an important relationship between usage-related variables and food apps

H2: There is association of popularity of an app with the awareness methods used.

H3: There is a most popular app for food delivery among respondents

## Scope of the Research

This research paper would attempt to establish a relationship between various online food order apps and consumer's perception about the offers and discounts used, which would provide an insight to various restaurant business to choose between various platforms and better position to boost their sales.

## Limitations

- Respondent's perception about offers and discounts may vary from one city to another or regions.
- Respondent's opinion about an online food delivery app may change with time.

## RESEARCH METHODOLOGY

The data has been collected by both primary and secondary sources. Primary data includes information collected through self-administered questionnaire based on the attitude and perception of customers using food delivery apps. Secondary data includes information collected through various newspaper, magazines, journals and internet.

**Sample Size:** Total sample size was 112 respondents, who have experienced online food delivery apps

**Research design:** The type of research design used in this paper is both descriptive and exploratory.

**Sample area:** The data were collected among customers in Bangalore city

**Sampling technique:** Convenience sampling is used in order to collect data as it is easier to target audience as per their behaviour and attitude

**Research Tools:** Research tools like SPSS and MS Excel would be used to predict the current trend and establish relationship between various variables.

## ANALYSIS AND INTERPRETATIONS

Socioeconomic characteristics of customers were researched to study the behaviour of customers concerning the use of food delivery apps. They are the major factors as they determine the pattern of consumption and customer behavior with respect to these apps. It is generally thought that the utilization pattern of mobile apps differs as the customer's earnings, age, and education vary. The following table 1 represents the socio-economic pattern of chosen samples

**Table 1: Demographic profile**

category		No of respondents	percentage
<b>Gender</b>	Male	51	46%
	female	61	54%
	<b>TOTAL</b>	<b>112</b>	<b>100%</b>
<b>Age</b>	18-24	42	38%
	25-31	30	27%
	32-38	25	22%
	39-45	10	9%
	45 & above	5	4%
	<b>Total</b>	<b>112</b>	<b>100%</b>
<b>Occupation</b>	students	17	15%
	Self employed	10	9%
	professional	43	38%
	employee	39	35%
	House wife	3	3%
	retired	0	0%
	<b>TOTAL</b>	<b>112</b>	<b>100%</b>
<b>Consumption (amt)</b>	1000	52	46%
	2000	38	34%
	3000	13	12%
	More than 3000	9	8%
	<b>TOTAL</b>	<b>112</b>	<b>100%</b>

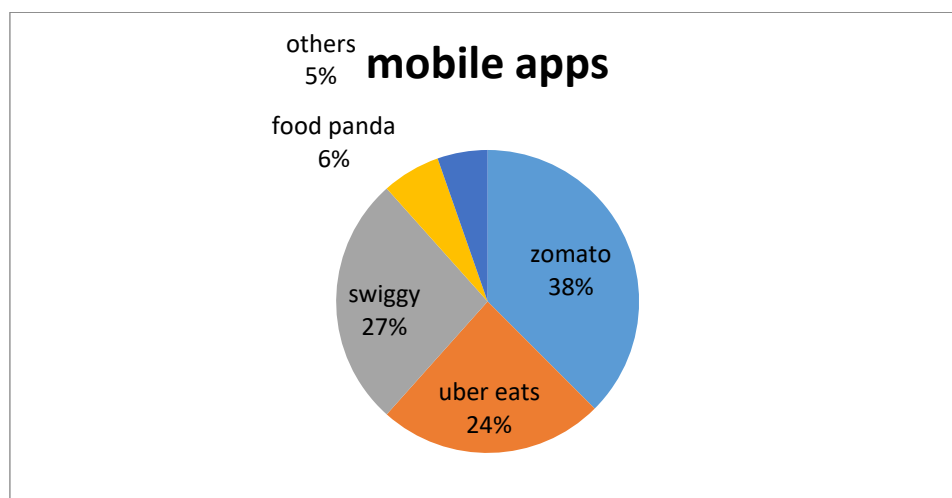
**FREQUENCY OF USAGE OF ONLINE FOOD DELIVERY APPS**

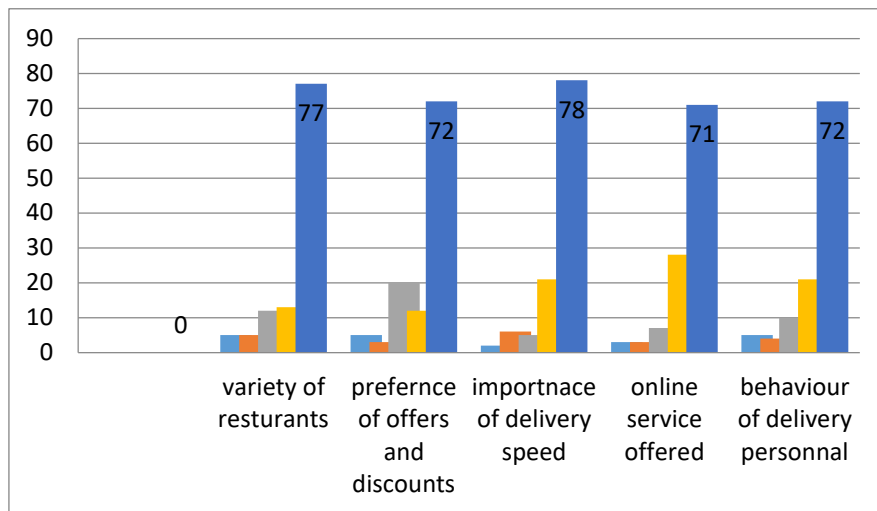
Table 1 below represents the usage of different online food delivery apps among the chosen samples, as per the data collected we can infer that zomato and swiggy delivery app are considered as most preferred app among customers which is followed by Uber eats.

**Table 1: usage of food delivery apps**

Food apps	Usage rate
Zomato	38%
Uber eats	24%
Swiggy	27%
Food panda	6%
Other apps	5%

**Graph 1: showing factors affecting usage of food delivery apps**

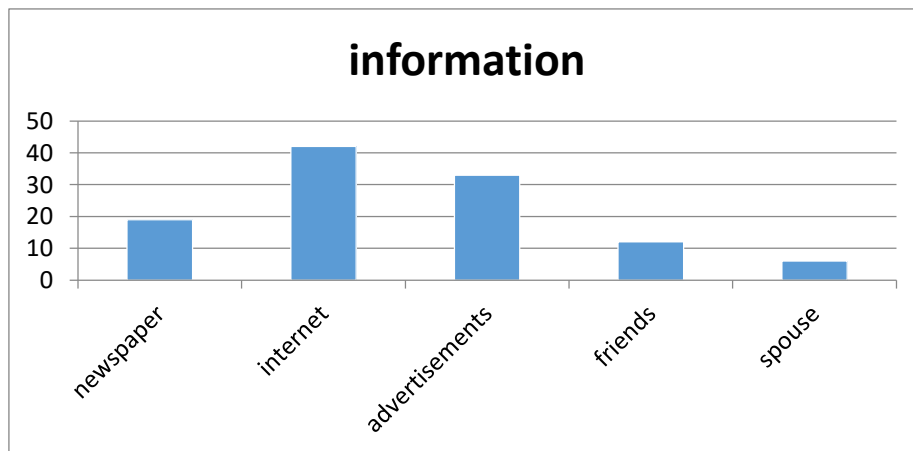




The primary goal of this study is to identify factors that influence customers with respect to the use of online food delivery apps. From Graph 3 we can evaluate that delivery speed on zomato, uber eats, swiggy, food panda and other food delivery apps is the greatest appealing characteristic. The second greatest function customers prefer is the quality of service that apps provide and the experience of ordering. And offers and discounts are considered be the most influencing factors while ordering food from Zomato and Swiggy.

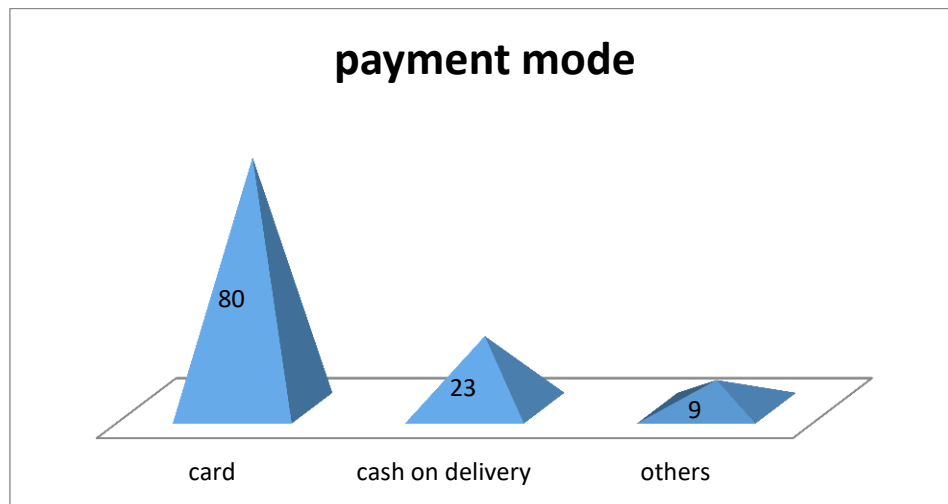
**MARKETING EFFECTIVENESS AND PROMOTIONAL ACTIVITIES:**

Table 1: knowledge about various mobile apps for food delivery



The data reveals that, being the majority of people from Gen Z the source of information regarding the mobile app, their consumption rate is basically through internet (social media) which is followed by advertisements and newspaper.

Table 2: Mode of payment available for customers



Further evaluation suggests that most customers prefer credit / debit card payment or money on delivery, only very few customers prefer other mode of payments. Our study shows that 71% of the customers prefer card payments while only 21% customer prefers cash on delivery based on their convenience.

**DATA ANALYSIS FROM SPSS:**

**Objective 1: To analyze the factors which attract the customers most**

In order to achieve objective 1, we compared different age groups and factors attracting the customers at most were analyzed.

**Age \* Variety of Restaurants**

		Variety of Restaurants					Total
		1	2	3	4	5	
Age	1	1	1	4	5	31	42
	2	1	1	4	6	18	30
	3	1	1	2	1	20	25
	4	0	0	2	1	7	10
	5	1	1	0	0	2	4
Total		4	4	12	13	78	111

**Age \* preference for Offers and Discounts**

		preference for Offers and Discounts					Total
		1	2	3	4	5	
Age	1	1	1	8	2	30	42
	2	2	0	5	5	18	30
	3	1	1	2	4	17	25
	4	0	0	4	1	5	10
	5	1	0	1	0	2	4
Total		5	2	20	12	72	111

**Age \* importance of Delivery Speed**

		Importance of Delivery Speed					Total
		1	2	3	4	5	
Age	1	1	1	2	5	33	42
	2	1	1	1	10	17	30
	3	0	2	0	3	20	25
	4	0	0	2	2	6	10
	5	0	1	0	1	2	4
Total		2	5	5	21	78	111

**Age \* Online Service offered in case of queries or issues**

		Online Service offered in case of queries or issues					Total
		1	2	3	4	5	
Age	1	1	1	2	8	30	42
	2	1	1	1	10	17	30
	3	0	1	0	7	17	25
	4	0	0	3	2	5	10
	5	1	0	0	1	2	4
Total		3	3	6	28	71	111

**Age \* Behavior of Delivery Personal**

		Behavior of Delivery Personal					Total
		1	2	3	4	5	
Age	1	1	1	2	9	29	42
	2	2	1	2	6	19	30
	3	0	1	1	5	18	25
	4	1	0	4	1	4	10
	5	1	0	1	0	2	4
Total		5	3	10	21	72	111

**Age \* Ease of payment**

		Ease of payment					Total
		1	2	3	4	5	
Age	1	1	1	2	3	35	42
	2	1	0	1	4	24	30
	3	0	0	0	5	20	25
	4	0	0	3	1	6	10
	5	1	0	0	1	2	4
Total		3	1	6	14	87	111

**Age \* Ease of using app/attractiveness of the app**

		Ease of using app/attractiveness of the app					Total
		1	2	3	4	5	
Age	1	1	2	3	11	25	42
	2	1	0	1	11	17	30
	3	0	0	1	4	20	25
	4	0	0	3	2	5	10
	5	1	0	0	2	1	4
Total		3	2	8	30	68	111

**Objective 2: To analyze what channel (app) is used frequently in online food ordering**

**Statistics**

awareness of various channels

N	Valid	112
	Missing	887
Mean		1.74
Median		1.00
Mode		1
Std. Deviation		1.020
Variance		1.040

**awareness of various channels**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	64	6.4	57.1	57.1
	2	23	2.3	20.5	77.7
	3	17	1.7	15.2	92.9
	4	6	.6	5.4	98.2
	5	2	.2	1.8	100.0
	Total		112	11.2	100.0
Missing	System	887	88.8		
Total		999	100.0		

The above descriptive statistics shows that consumer prefer zomato (mean and mode value is 1) more than any others food apps when they order online. This can be due to their quality management, delivery speed, and customer relationship management in terms of any queries compared to other apps in the market

**Objective 3: To find out customers perceptions and knowledge of electronic food ordering that influence their buying decision**

**REGRESSION:**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.277 <sup>a</sup>	.077	.023	1.010

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.818	6	1.470	1.440	.206 <sup>b</sup>
	Residual	106.119	104	1.020		
	Total	114.937	110			

The above table depicts whether knowledge or awareness is influenced by their buying behaviour of the consumer with those elements of quality, variety, word of mouth and others. Here  $p > .206$  respectively which is more than 0.05 and it indicates that there is a relationship between the awareness of app and its buying behaviour ('r' value is .277)

**Findings**

- The age group between 18-31 years is mostly using online delivery apps in the collected sample.
- It is found that 46% of the users order food weekly.
- Among all of the factors considered for attractiveness about online food delivery system, 'speedy delivery of food' seemed as highlighting

- Offers and discounts schemes promoted through apps are the most important factors of motivation for frequent buying online.
- 84% customers are satisfied with online food delivery apps and would wish to order again.
- 69% respondents strongly agreed that their consumption of food from restaurants have increased due to online ordering facility availed through apps.

### **Suggestions**

- Based on the survey and current scenario, it would be beneficial for food delivery apps and restaurants to be on same page. Any rift or mis-communication would have a negative impact on both the players and negatively hit business.
- Proper training and orientation should be provided to the delivery personals, as they are the only ones who interact with customers.
- Reduced delivery fees and timely offers and discounts can help these apps to grow even further.
- Advertising offers and marketing on social media can prove beneficial for these businesses and attract more customers.
- 24X7 availability of customer care service to resolve customer's issue. Not just the availability, but timely resolution is also a must to provide proper satisfaction to the customers.
- Tying up with more restaurants that operate in mid-night.

### **CONCLUSION**

Food delivery apps in India have now become a major hit. In India, there are several food delivery apps that can be downloaded to order food from home comforts on smart phones.

On analyzing the customer perception towards food delivery apps in Bangalore, we can say that online food delivery apps have great advantage and potential to even grow further. The chief reason for selecting online food delivery apps is most probably the convenience. Based on our findings, it was pretty evident that consumers prefer online food delivery apps over traditional dining mostly due to comfort, ease of ordering food online, promotions and offers and delivery speed. Another major advantage for Food delivery apps is tracking system. Customers are well aware of the status of the ordered food and estimated time of delivery.

The study concludes that youngsters between the age of 18-25years preferred food delivery apps the most. It can be deduced from the result that youngsters prefer an easy-going life and give more priority to comfort over the grownups. Inability to cook and being bachelor can also be a reason behind this age group preferring online mode of food delivery which can be evident from the fact that working class was the majority section. Almost half of the respondents who preferred online food delivery apps were employees or service class between the age of 25-31 years. Also, the fact that online food delivery apps being popular among singles is no big surprise.

Not just the convenience and comfort, but the ease of using these apps and its availability on various Operating System platforms, also motivates a customer to prefer online food delivery apps. Majority of the market share in food delivery service is occupied by big players like Zomato, Swiggy, Food Panda and Uber Eats. User interface of these apps are very user friendly and majority of the respondents found these apps easy to use. With the boom in internet era and availability in cheap price, these apps are able to market their services and offers and extend their reach in market.

This research was limited to the study of customer's perception towards online food delivery apps, but merchants and marketer's perception is not analyzed.

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