

Factors affecting consumers' decision in ordering food online : The case of Generation Y in Bangkok

*This seminar belongs to
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Introduction



As the consumption of online media is growing, many companies have to adopt online businesses and services to keep up. Nowadays, you just only order and buy anything that you want through your electronic devices like mobile phones and computers. Then the ordered goods will be directly delivered to your home.

According to an increasing usage of online food ordering, food delivery service is the main service which boost more revenues for both normal restaurants, chain restaurants as well as food delivery service providers

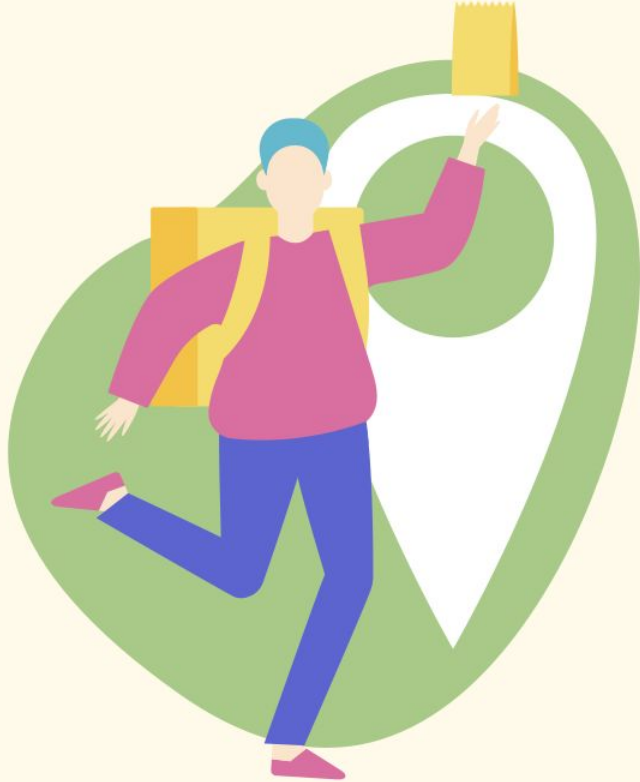
Objective of this research

OBJ

- Find the significant factors affecting the choice of Generation Y consumers in Bangkok whether to order food online or not, as well as explore the factors that encourage or discourage their decisions



Food delivery platform business model (Example)



Food Panda is the first company that has launched the service in Thailand since 2014

- Food Panda will deduct 30% from the food price as the main income while LineMan will earn income mainly from the delivery fees

Other players in the market i.e. LineMan, UberEats, Food Panda, Eat Ranger, Ginja, Now delivery, etc.



02

Theoretical

The related and relevant research and theories used to identify the factors affecting consumers' decision in ordering food online and to build the model for testing.

Literature Review



**Online shopping and
consumer behavior
towards online
shopping**



**Factors affecting online
purchasing decision of
consumers**

Online shopping and consumer behavior towards online shopping



Senecal and Nantel, 2004

E-commerce plays an important role in many businesses and becomes a significant business style

Wolfenbarger and Gilly, 2001

Customers who shop online are not only to buy the demanded goods, but also to experience the different characteristics of stores and sellers

Fung and Lee, 1999

Illustrate the trust and satisfaction of the consumer are important for the repeated purchase

Kotler, 2000

Factors affecting consumer purchasing decision are important for developing and improving goods and services to meet consumer needs

Factors affecting online purchasing decision of consumers



Lee and Ndubisi, 2011

There's a significant relationship of perceived value, perceived usefulness, the firm's reputation, privacy, trust, reliability and functionality, to online repurchase intentions

Davis, 1989

The technology acceptance model(TAM) proposes that perceived usefulness and perceived ease of use influence users' intention to utilize information technology

Al-Masri and Gharaibeh, 2010

E-promotion and security have a strong effect that influence consumers purchasing decision through internet.

Hashim et al., 2009

Demographic profile or personal characteristics of consumers influence their purchasing decision towards online shopping

Hypotheses



The results and findings will give some consumers insight as a guideline to improve and develop the services for online food ordering service providers

03

Methods

This section is presented in 3 parts - namely variables, Data collection and statistical treatment.



 Go Premium now!

Variables



The total number of independent variables is 22 variables, 6 variables from demographic factors, 2 variables from personal factors, 4 variables from social influence, 8 variables from customer satisfaction and 2 variables from perceived trust

Unified Theory of Acceptance and Use of Technology (UTAUT) model

Factors	Variables	Definition
Dependent Variables		
Ordering food online	Order	Within last month until now, you order food online or not yes=1, no=0
Independent Variables		
1. Demographic factors	Income	Personal income per month (THB)
	Age	Age of the respondents (Between 18-35 years old)
	Education (edu)	Level of respondent's education (Secondary Education, Bachelor, Diploma, Higher than Bachelor) (<i>Average years of education</i>)
	Gender	Female=1, Male=0
	Occupations	Present Occupation of respondent (Students/Stud, Private Employee/Private, Retail/Business Owner/Owner, Government or State Enterprise officer/Gov, Freelancer/Free, Housewife)
	Cooking	Not usually cooking=1, Usually cooking=0
2. Personal factors (AvgPersonal)	Resources	"I have resources that are needed for ordering food online (ex. Smartphone, Computer, Internet)." Opinion (0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree, 4=Strongly agree, Likert scale)
	Online shopping	"I always purchase online." Opinion (0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree, 4=Strongly agree, Likert scale)
3. Social Influence (AvgSocial)	Friends and Families	"I want to order food online because my friends and families suggest me to do." Opinion (0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree, 4=Strongly agree, Likert scale)

4. Customer Satisfaction (AvgCus)	Food	"I think that food that I order online have good taste and quality and I get all ordered food." Opinion (0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree, 4=Strongly agree, Likert scale)
	Delivery	"I think that delivery service is very good and on time." Opinion (0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree, 4=Strongly agree, Likert scale)
5. Perceived Trust (Avgtrust)	Payment	"I think that food online ordering service providers safe and reliable payment system." Opinion (0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree, 4=Strongly agree, Likert scale)
	Security	"I think that food online ordering service providers have good security system to keep my information privacy." Opinion (0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree, 4=Strongly agree, Likert scale)

The Dependent variable(Y) is the binary choice decision whether to order food online or not

From the literature review, there are **5 broad categories of independent variables(X)** which are Demographic factors, Personal factors, Social Influence, Customer satisfaction and Perceived trust.

Data Collection

The data was observed and collected by google form (Online Survey) method and paper survey. This empirical study was carried out in Bangkok area. The target population are Generation Y age between 18-35 years old.



The questionnaire consists of 3 sections



First

asks about the past and current food online ordering behavior and channel used in ordering food online.



Second

asks about factors affecting the decision when ordering food online

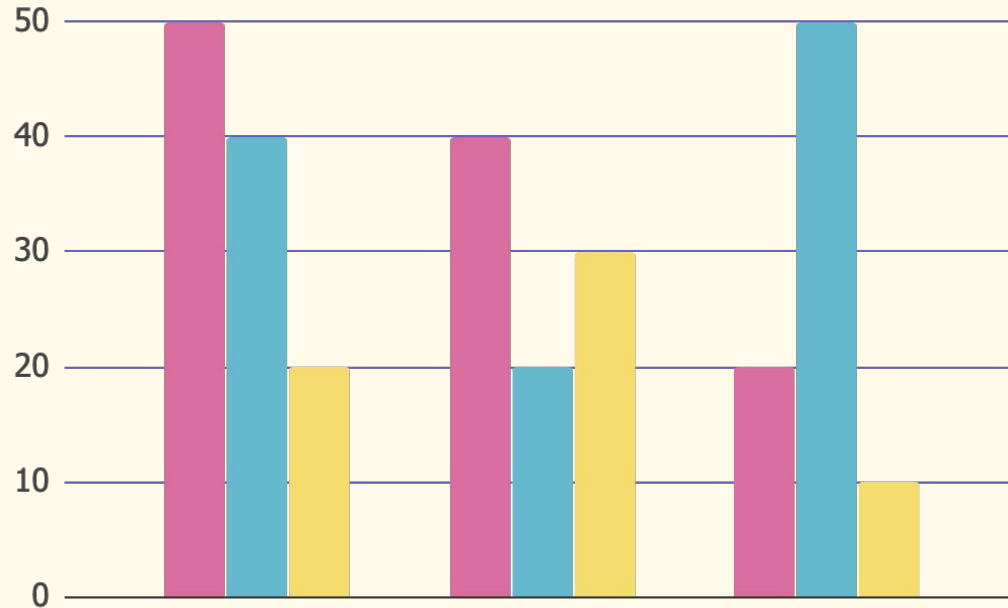


Third

about personal factor like gender, ages, education, income, etc.



Statistical Treatment



After collecting the data from all respondents, the data needed to be transformed into numerical form to be able to analyse using STATA program.

The customer satisfaction will then be determined by the average opinion score level in food, delivery, application and website, information, restaurants, pricing, time saving and promotions.

5 categories of independent variables

Demographic factors

Determined by demographic information, which are Income, Age, Education, Gender, Occupation and Cooking

Personal factors

Determined by personal information related to online shopping which are determined by the average opinion score level in online shopping, and resources

Customer satisfaction

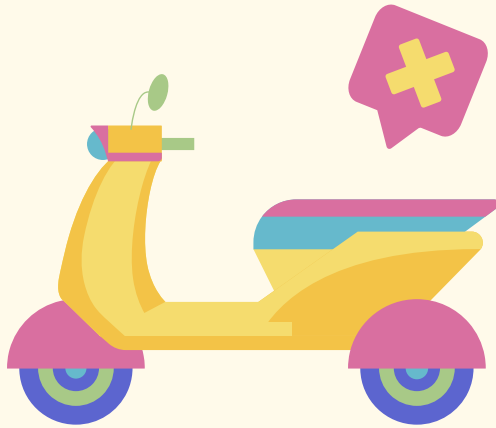
Determined by the average opinion level in food, delivery, application and website, information, restaurants, pricing, time saving and promotions.

Social influence

Determined by the average opinion score level in friend and family's opinion, friend and family's behavior, social media and advertising

Perceived trust

Determined by the average opinion score level in payment



First model

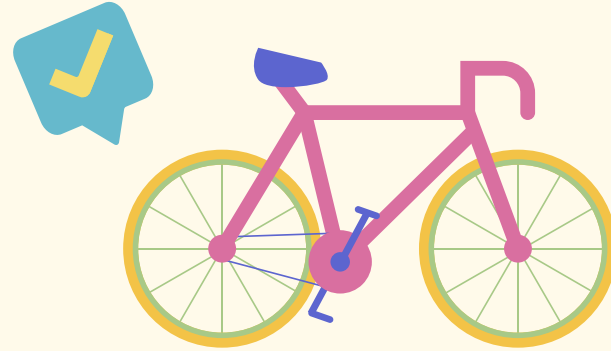
$$\Pr(Y=p) = I_{pi}\beta^*p + A_{pi}\delta^*p + E_{pi}\gamma^*p + G_{pi}\eta^*p + O_{pi}\kappa^*p + K_{pi}\sigma^*p + \epsilon_i$$

; $i = 1, \dots, 261$, $p = 0, 1$

“As I wanted to see whether the real condition of consumers, which is represented by demographic information really affects their decision or not. **Only demographic factors will be included in the First model.**”
From the researcher

- $\Pr(Y = p)$ is the probability of consumer ordering food online within last month until the present, where $p=0$ when respondents don't order food online, $p=1$ when respondents order food online.
- I_{pi} , A_{pi} , E_{pi} , G_{pi} , O_{pi} and K_{pi} are demographic factor variables.
- I_{pi} represents income per month.
- A_{pi} represents age.
- E_{pi} represents average year of education (Secondary education=12, Diploma=14, Bachelor=16, Higher than bachelor=18).
- G_{pi} represents gender, where female respondent is coded as 1 and male is coded as 0.
- O_{pi} represents occupation which is controlled as dummy variables; K_{pi} represents cooking behavior of respondent which is controlled as dummy variables; will be 1 if respondent usually cooks and 0 if otherwise.
- β^*p , δ^*p , γ^*p , η^*p , κ^*p and σ^*p are the difference probability of each demographic variable affecting food online ordering.

- L_{pi} is an average of personal factor variables including personal information related to online shopping and needed resources for online shopping.
- S_{pi} is an average of social influence factor variables including friend and family's opinion, friend and family's behavior, social media, advertising.
- C_{pi} is an average of customer satisfaction factor variables including food quality, delivery service quality, design and feature of application and website, information, restaurants, pricing, time saving and promotions of service providers.
- T_{pi} is an average of perceived trust factor variables including payment and security system of service providers.
- All personal, social influence, customer satisfaction and perceived trust factor variables are an ordinal variables rating by five Likert scale, 0=mostly disagree, 1=disagree, 2=Neutral, 3=Agree and 4=Strongly agree.



Second model

$$Pr(Y=p) = I\beta^*p + A\delta^*p + E\gamma^*p + G\eta^*p + O\pi^*p + L\rho^*p + S\sigma^*p + C\tau^*p + T\upsilon^*p + \epsilon_i$$

$$; i = 1, \dots, 261, p = 0, 1$$

All factors will be included in the Second model.



04

Results

VARIABLES	(1) <i>Model 1</i> Order	(2) Order mfx dydx	(3) <i>Model 2</i> Order	(4) Order mfx dydx
Gender	0.000158 (0.191)	6.30e-05 (0.0762)	0.0716 (0.199)	0.0285 (0.0794)
Age	0.0111 (0.0286)	0.00443 (0.0114)	0.0264 (0.0304)	0.0105 (0.0121)
Cooking	0.190 (0.176)	0.0756 (0.0701)	0.354* (0.189)	0.141* (0.0741)
Income	1.64e-06 (6.50e-06)	6.55e-07 (2.59e-06)	2.13e-06 (6.97e-06)	8.50e-07 (2.78e-06)
edu	-0.0523 (0.0831)	-0.0208 (0.0331)	-0.134 (0.0837)	-0.0533 (0.0334)
Gov	-0.123 (0.581)	-0.0491 (0.231)	-0.191 (0.645)	-0.0760 (0.255)
Stud	1.626*** (0.546)	0.581*** (0.156)	1.549*** (0.583)	0.559*** (0.171)
Free	1.341** (0.552)	0.418*** (0.105)	1.571*** (0.583)	0.458*** (0.0889)
Private	0.794* (0.466)	0.301* (0.161)	0.594 (0.498)	0.230 (0.183)
Owner	1.023** (0.511)	0.354*** (0.135)	0.984* (0.542)	0.345** (0.149)
AvgPersonal			0.226 (0.194)	0.0900 (0.0771)
AvgSocial			0.192 (0.127)	0.0766 (0.0507)
AvgCus			0.454** (0.212)	0.181** (0.0845)
Avgtrust			0.109 (0.133)	0.0434 (0.0529)
Constant	-0.684 (1.436)		-2.373 (1.535)	
Observations	261	261	261	261

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Summary of Probit and — Marginal effects result of first and second model

The result implies that student, freelancer and retail or business owner have more probability in ordering food online than other occupations. Student have the highest probability to order food online when comparing with freelancer and retail or business owner since the coefficient is 1.63 which is higher than the other two occupations.

Probit result of the *Second* model indicates that student and freelancer significantly affect generation Y consumer decision at 5% level of significance. Set of customer satisfaction variables(AvgCus) is also significant at 5%. While the rest of the variables are not significant in this model.

Result

The result implies that generation Y consumers mainly take into consideration the satisfaction and facility they received from using food online ordering services when making the decision. Since the set of customer satisfaction variable is determined by average opinion score level in food quality, delivery service quality, design and and feature of application and website, Information, restaurants, pricing, time saving and promotions of service providers, these are the factors that affect consumers' decision when ordering food online.





Conclusion

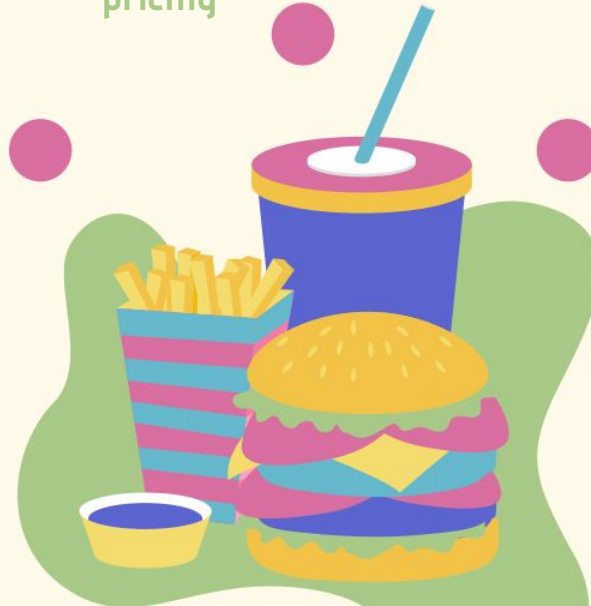
The conclusions of research findings on factors affecting consumers'



Customer satisfaction is a significant factor affecting Generation Y consumers' decision of ordering food online

Customer satisfaction included

- Food quality, delivery service quality, function and design of application
- Comprehensive information, variety of restaurants, pricing
- Time saving and promotions of service providers



Comments



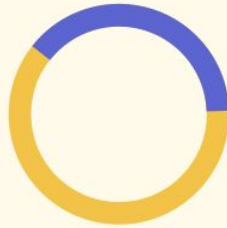
Percentages

75%



For the content of the variables is not adequate interpretation, for my opinion the researcher didn't find other factors that might affect consumers' decisions besides the factors related to theories that the researcher read.

70%



For the data collection, the researcher should have done more interview such as in-depth interviews, since the researcher only used the data from survey which can be very ambiguous

80%



For the linkage between each part is well-organized and simplify which is easy to understand

85%



For the content, the researcher had used the relevant examples and illustrated it properly

Thanks!

