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Factors affecting the buying decision process of consumers using food delivery Apps in Bangalore

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ABSTRACT

The mobile application era has thrown open a new pathway for today's marketing. The Mobile application as made all traditional modes of business outdated and generated amazing new possibilities in business. Today, more people are getting connected through mobile application and they are ready to trade through it. Companies have changed their mainstream business strategies into online marketing to suit customer needs and taste at any time. A single platform for ordering from a wide range of restaurants, online food delivery mobile applications have become popular over the years and have become the primary source of income for a lot of restaurants. This trend has changed the mindset of consumers, gratifying users of different age groups. This, indeed, has expanded the daily business of a lot restaurants, witnessing a boom in online food delivery system as well as popularizing it across the country. The online food ordering platform sets up a food menu online with the help of applications like Zomato, Swiggy and FoodPanda. These platforms help consumers who don't know how to cook or are on the run and need something to eat on the go. It also frees consumers from visiting the eateries and also the long wait in restaurants. This research paper aims to discuss the factors that are affecting the buying decision process of the consumers using food delivery apps in Bengaluru. The survey was conducted for a purposeful analysis of the study on around 122 respondents. The research is focused on the study and analysis of the data collected from all those users who are already using the online food delivery services. The main purpose was to know what the influencing factors, their perceptions and mindset behind using different online portals to order food.

Keywords— Food delivery, Consumer Behavior, E-Commerce, Swiggy, Zomato, Millennials, Baby-Boomers

1. INTRODUCTION

While new online outlets compete to capture markets and consumers across the world, the business of delivering restaurant meals to the home is experiencing rapid change. While these new internet platforms draw significant investment and high valuations, there is little real knowledge of market dynamics, growth potential, or consumer behavior. McKinsey's report, based on a six-month survey covering 16 countries around the globe, offers insight into this rapidly changing industry.

There have been two styles of online platforms rising to fill the void. The first type is the "aggregators" that came out about 10 years ago; the second type is the "new distribution" player that came out in 2013. They allow consumers to compare menus, search and post comments, and place single-click orders from a variety of restaurants. As part of the traditional delivery group, aggregators simply take orders from consumers and route them to restaurants that handle the delivery themselves. The new-delivery companies, by comparison, create their own logistics networks, offering delivery to restaurants that do not have their own driver.

Excessive expenditure on food will put a substantial dent in your finances over time. Millennials eat or order food more often than Gen Xers, who are now in their late 30s and 40s, and Baby Boomers, who are of retirement age. Collecting and analyzing data for their daily meals on demographics, interests and factors affecting their decision making when using digital kitchens and food delivery apps. Taking into consideration one company conducting a study to compare growing generation of people are mostly dependent on cloud kitchens and food delivery apps. Find out why food delivery apps are so focused on consumers in this industry. Eating in a restaurant is no longer an annual millennial occurrence any more. A testament to that is the rise of food delivery devices. "With their hectic schedules and lifestyles, increasing numbers of Indians turn to Swiggy, Zomato or Uber Eats for their daily meals for convenience and reliability. This includes time-pressed, tech-savvy millennials searching for food options delivered to them in a matter of minutes, as well as people who just want to enjoy the comfort of their homes with a comfortable food experience.

"Is the kitchen Dead?" A report published by the investment bank USB mirrored many other studies and presented a bullish argument for increased global sales of online food orders. USB distribution projected sales will grow from US\$ 35 trillion on an

annual average of more than 20 per cent to US\$ 365 trillion worldwide by 2030. The study also revealed that millennials are three times as likely as their parents to order in. The cost of delivering restaurant food can be small enough to make it an easy choice for customers, particularly millennials.

Despite studies showing a steady rise in millennials' spending habits on food and takeaways, it's clear that generation Y is the majority of the food delivery apps sector. This group is known to be the top spenders on supplying prepared food and grocery. When millennials hit their peak earning years, they will become the biggest spenders in restaurants and grocery stores. Although millennials commit the highest proportion of their income to food and drink, when they were 25 to 35 years old, they don't spend more on food than older generations. The generation's preference for distribution is the greatest impact millennials will have on the food and drink industries. This demographic has been driving demand for home delivery more than any other generation with higher spending power due to the added convenience and propensity to stay at home.

Due to the added convenience and propensity to stay at home this demographic has powered home delivery demand more than any other generation with higher spending power. Platforms providing more discounts and incentives for customers are more attractive and prefer to buy from the one that offers good discounts. Increasing internet penetration has helped customers in buying food online, as well as in the perception of ordering food online through different platforms. The online Indian food services are a boon for the digital sector around the globe and the Indian economy as well. Food technology is a hot topic in the startup town and the room for innovative business concepts inspires other entrepreneurs to come forward and revolutionize the way the food industry operates.

2. REVIEW OF LITERATURE

Ali Abdallah Alalwan (2019) explored about the factors affecting the consumers buying decision and the intention to reuse the service again and again. Online food delivery apps have integrated various innovative characteristics that have helped both restaurants and consumers solve problems like long waiting lines, delayed delivery etc.

The study indicated that perceived value and consumer's attitude towards food delivery platforms are largely dependent on the level of trust, product verity and the design and the significant difference in the consumer's perception was observed between single person and families. Even though the consequences of the consumer's experience in the short term is largely predicted by the income and the price issues, the consumer's experience is largely dependent on hedonic and cognitive issues. The study proved that factors like online rating of the restaurant were highly valued by the consumers. Also, online tracking as a feature has also made consumers ordering and tracking simpler and even more efficient.

Arji Mariam Jacob & N.V. Sreedharan, Sreena.K (2019) explores about the Consumers Mindset while ordering food online and also the Consumer's perception of ordering food using various food delivery apps. Mobile applications like Swiggy, Zomato and FoodPanda provide the consumers a lot of options and countless varieties of dishes from different types of restaurants nearby where the consumers can place their order seamlessly. The results of the survey conducted by the authors indicated that almost 38% of users preferred ordering food online because of the ease and the convenience it provides, where 19% preferred it due to the fast delivery offered by them, 16% of the consumers use food delivery apps to order food because of the wide range of restaurants and 11% of them use food delivery apps because of the discounts and the promotional offers.

Through the study it is pretty much evident that majority of the consumers use these apps to order food because it requires very less human interaction. The study also stated that Millennials are more dependent and inclined to order food online as compared to baby boomers or any other generation. The study concluded that factors like ease and convenience are the most influencing factors while ordering food, followed by faster delivery and the variety of restaurants available on the app. Factors like discounts and promotional offers had an impact on the buying decision of the consumer.

Chetan Panse, Namgay Dorji, Sahilesh Rastogi, & Arpita Sharma (2019) postulated on how companies like Zomato and Swiggy emerging in the food industry, this study emphasized more on understanding the consumer behavior towards the utilization of online food delivery platforms like Zomato and Swiggy to name a few. The study indicated that a lot of frequent users were concerned a lot about the quality and the hygiene of the food that is being delivered. The study stated that the attitude towards these platforms is because of the usefulness and the ease of ordering but varies according to how innovatively the company used Information technology. Due to the changing millennial's lifestyle and spending patterns, there has been a change in the buying patterns and the demand of consumers. The study also indicated that the rise in disposable income is one of the main factor which is leading the consumers to not cook at home and order online.

Jyotishman Das (2018) concentrated more on the influencing factors, the consumers' perception, their needs, positioning of attributes of various online platforms in their mind and the overall satisfaction towards ordering food online using such apps. The primary aim of this research is to find out the consumers views about the services that are offered by various food delivery apps. The research conducted by the author has helped various service providers to understand the consumers' perception and need behind using these platforms. The study stated that factors like Delivery time, ease and convenience played an important role in the decision of the consumer while using various platforms. Factors like influence of friends/ family has also impacted the buying decision of the consumer. The study found out that Zomato has gained positive reviews from the consumers when compared to other platforms like Swiggy and FoodPanda. The reason being, their delivery service is on point and Zomato offers better promotional offers and discounts when compared to their competitors.

V. Krishna kumari (2019) emphasized more on the consumers buying behavior towards online food delivery apps. The whole objective of the study was to find out the factors affecting the buying behavior of consumers and also to analyze the relationship

between online food delivery apps and the services provided by the same. The current study found out that there is a significant relationship between important factors involved in selecting a platform and the services offered by the same. The study concluded that Social media platforms like Instagram has helped various food delivery apps in advertising and promoting their offers which helped them in reaching out to more consumers. With the increase in disposable income among the consumers, these platforms are experiencing high demand and huge increase in their sales.

3. OBJECTIVES OF THE STUDY

- To Find out whether age has an impact on the frequency of the purchase of consumers
- To identify the factors affecting consumers buying decisions
- To identify the most preferred online food delivery app by the consumers.

4. SCOPE OF THE STUDY

The study was conducted in the city of Bangalore. It is a very populated city with people coming from a different part of the country for educational purposes and working. Bangalore is the hub for a lot of restaurants and Cafés and some of which have also expanded to other parts of the country or are also available elsewhere in India. Since there are a lot of Millennials and Young crowd living in the city, their spending patterns vary from that of our parents, Millennials tend to spend more on Materialistic Items. The statistical tools used to analyze the Hypothesis and the collected data are SPSS, ANOVA and correlation.

5. RESEARCH METHODOLOGY

The study is based on the collection of primary data. Quantitative research method was used in this research so as to investigate and observe the collected data with the help of statistical tools like SPSS. A well-structured questionnaire was designed with close ended and open-ended questions. It was designed in such a manner so it caters all the areas and objectives of the study. The survey was conducted in different areas of Bengaluru and around 122 responses were collected. As the population was small and homogeneous, all subsets of the frame are given an equal probability. Thus, non- Probability sampling method was used. Under non- probability technique, Random sampling was used. The population consists of students, self-employed, home-maker, private company employees and business owners in different parts of Bengaluru. For the all the variables used in this study, multi-item scales (5-Point, Likert-type) ranging from Excellent (5) to Bad (1) are used.

6. LIMITATIONS OF THE STUDY

Based on the literature that is available on the Consumer's intention towards using food delivery apps, it is presumed that there were not a lot of comprehensive studies conducted in the past to understand the Consumer's Intention and perception behind using these Apps. The lack of adequate time spent on doing the study also makes the study less reliable, more research time would have provided the study could get respondents from a wide area and not just 122 respondents, which also comes to one of the limitations which is inability to cover the whole city. One of the major limitations of the study is the unresponsiveness of the respondents, or honest replies of the respondents. One can never be sure of the honesty of the respondent. Therefore, out of the limitations stated, these are the challenges that restrict the study to achieve more reliability.

7. DATA ANALYSIS AND INTERPRETATION

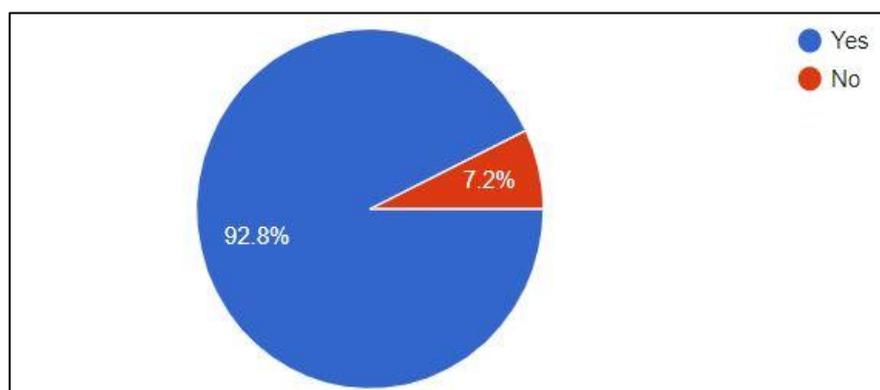


Fig. 1: Users of Online food ordering and delivery services

From the result of the survey it can be concluded that 116 of the total 122 respondents use food delivery apps for ordering food which consists of 92.8% of the total respondents. Meanwhile only 7.2% of the total respondents don't use any food delivery apps which consist of 6 respondents.

7.1 Reliability Test

H₀: There is no internal consistency among the nine factor.

H₁: There exists an internal consistency among the nine factors.

The thirteen factors considered during the analysis are:

- Price
- Quality of the Food
- Variety of the Food
- Reviews on the Restaurant

- Delivery Time
- Convenience
- Payment Options
- No of Restaurants
- User Interface

Table 1: Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
.819	9

The alpha coefficient for the six items is 0.819, suggesting that the items have a relatively high internal consistency. (Note that a reliability coefficient of 0.70 or higher is considered “Acceptable” in most Social science research situations.

7.2 Analysis of most preferred online food delivery service portal

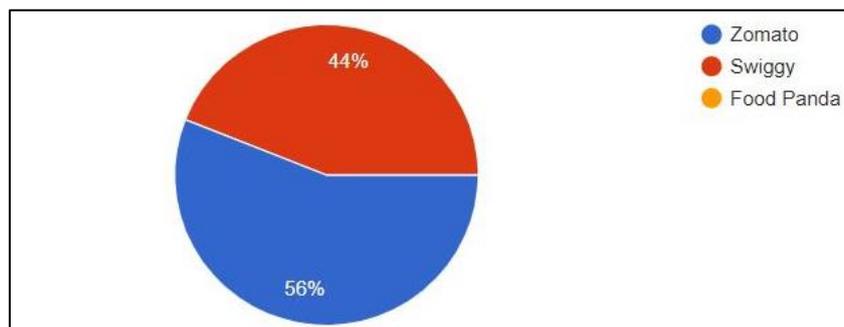


Fig. 2: Most preferred online food delivery service portal

From the above graph we can observe that 56% of the respondents preferred using Zomato. They consist of 68 of the total 122 respondents. On the other hand 54 of the total respondents preferred using Swiggy over Zomato that is 44% of the total respondents. Out of the 122 Respondents, not even 1 of them preferred FoodPanda.

7.3 Analysis of the effect of age on the Frequency of the Purchase of Consumers

Table 2: ANOVA Test

ANOVA					
How often do you use this service?					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.454	3	4.485	6.530	.000
Within Groups	81.037	118	.687		
Total	94.492	121			

Table 3: Multiple Comparisons of ANOVA test

Multiple Comparisons						
Dependent Variable: How often do you use this service?						
Tukey HSD						
(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
Age (I)	Age (J)	Mean Difference (I-J)	Std. Error	Sig.	Lower Bound	Upper Bound
1	2	.008	.290	1.000	-.75	.76
	3	-.909*	.306	.019	-1.71	-.11
	4	-.777*	.220	.003	-1.35	-.20
2	1	-.008	.290	1.000	-.76	.75
	3	-.917	.403	.109	-1.97	.13
	4	-.784	.342	.105	-1.67	.11
3	1	.909*	.306	.019	.11	1.71
	2	.917	.403	.109	-.13	1.97
	4	.132	.355	.982	-.79	1.06
4	1	.777*	.220	.003	.20	1.35
	2	.784	.342	.105	-.11	1.67
	3	-.132	.355	.982	-1.06	.79

*The mean difference is significant at the 0.05 level.

If the grouping variable has only two groups, then the result of a one-way ANOVA and the independent samples t- test will be equivalent. In fact, if you run both an independent samples t- test and a one- way ANOVA in this situation, we should be able to confirm $t^2 = F$.

In this study we have significant result. The value of F is 6.530, which reaches with a p-Value of 0.00. This means there is a statistically significant difference between the means that were compared.

If the significance value is less than 0.05 it means that the independent variable has an effect on the dependent variable. In this study, the significance is 0.00 which is less than 0.05, which means that at 95% confidence level and 5% significance level the independent variable has an effect on the dependent variable.

The following ANOVA test also helped us in finding out which age group is more dependent on Food Delivery apps. The results indicated that there is a significant difference in the mean values of age groups when compared. The age group 18-25 has a significance value of 0.03 and had a mean difference of 0.777 when compared with the other age groups. The age group 40 and above also had a significance value of 0.03 but the mean difference was -0.777 which makes them less dependent when compared to other age groups.

From this result, we can draw a conclusion that age has an effect on the frequency of the purchase and the people falling under the age group 18-25 & 25-32 are more dependant and use it more often when compared to people who are above the age 32.

7.4 Analysis of the Factors affecting the buying decision process of Consumers

Table 4: Correlation test

Correlations			
		What factors do you consider before ordering food online?	Frequency of the Purchase
What factors do you consider before ordering food online?	Pearson Correlation	1	-.576**
	Sig. (2-tailed)		.000
	N	122	122
Do you use any food delivery apps?	Pearson Correlation	-.576**	1
	Sig. (2-tailed)	.000	
	N	122	122

** . Correlation is significant at the 0.01 level (2-tailed).

From this correlation result between factors affecting buying decision and frequency of the purchase, we can see there is a strong negative correlation of -0.576. Taking one factor into consideration, if price increases, the frequency of the purchase of the Consumer decreases. We can also see that the significant level is 0.00 which means that there is relationship between the factors and the frequency of the purchase of the consumer. From this result, we can get to a conclusion that there are certain factors which affect the buying decision process of the consumer.



Fig. 3: Factors affecting the buying decision process of consumers

From the above graph we can interpret that Quality of the food is one of the most considered factor which considered and which is affecting the buying decision process of the consumer which followed by Reviews on the restaurant and then followed by the price of the food. A total 85.7% of the total respondents considered the Quality of the food as the most important factor before placing an order on either of the platforms.

8. FINDINGS

The Findings show that:

- Zomato is the best in terms of providing good quality food, faster delivery and prices of the dishes also. That is one of the main reasons why, majority of the respondents chose Zomato over any other food delivery app.

- Age does have an effect on the frequency of the purchase of the consumers. The age group between 18-24 years are more dependent on online food delivery.
- Factors like Quality and the Reviews on the restaurant are the ones which are most considered before ordering food online.

9. CONCLUSION

Apps for food delivery have now become a major hit in India. There are several food delivery apps in India that can be downloaded from the comfort of homes on smart phones to order food on the go.

On analyzing the consumer perception of online food delivery apps in Bengaluru, it can be concluded that online food ordering system has its own benefits and limitations. The main reasons for ordering food online is the Quality of the food and the convenience by sitting back at home and getting food delivered. Based on the result of this research it is understood that online food delivery applications help customers in the easy and fast ordering of food. It gives every detail of the consumer's order, thereby providing the best customer service. The tracking system is an added advantage of the users. Online food ordering system maintains the service provider to keep a database and enhance the customer experience. Through the survey conducted it was found out that majority of the users opt out for online food delivery applications as it requires only less human interaction and that online food ordering has made an impact on the traditional way of dining together.

The study discloses that millennials are more inclined to online food delivering systems as compared to any other generation. The study poses ease and convenience as the most influencing factor on online food ordering. The second most influencing factor is faster delivery and more restaurant options; the next most influencing factor is the price of the order placed.

The study highlights that users often place orders more on the weekends and holidays. The most preferred meal of users is dinner followed by snacks. The study also reveals that Zomato is the most preferred app among the selected food delivering applications. Even though a large portion of people living in Bangalore uses online food delivery applications, there are still a large amount of people who do not use food delivery applications due to health and quality concerns.

In a nutshell, it is found out that majority of users' falls under the category of students and working individuals which indicates the growing popularity of the online food ordering system among youngsters. The changing lifestyles of the consumers, increase in the usage of Smartphones and the expansion of online activity in India has undoubtedly transformed the trends in online food ordering and delivery scenario.

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