A STUDY ON CUSTOMER'S ATTITUDE AND PERCEPTION TOWARDS DIGITAL FOOD APP SERVICES

Dr. Neha Parashar[1] Ms. Sakina Ghadiyali[2]

ABSTRACT

Services are intangible products where in there cannot be any transfer of possession or ownership, and they cannot be sold but come into existence at the time they are consumed or bought. Services cannot be stored or transported. Eg: accounting, banking, cleaning, consultancy, education, etc.

Digital services on the other hand are services that are anything that can be delivered through an information infrastructure such as the internet, in various forms i.e. applications, web pages, social media, etc. In the paper the major focus will be on the various apps that are available either by 3rd party for delivery purpose or by restaurants themselves for various purposes like delivery, pointing system, in house app ordering, etc.

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

From this research paper we would understand the shift of consumer's behaviors with the introduction of technology and what are the different kinds of applications that consumers are satisfied with and what makes them happy and satisfied about the service.

The main objective of the paper is to understand the relation between facilities and the purchase behavior. Secondly to find the most popular app in the food delivery industry and understand as to how have technology played an important role in the restaurant industry.
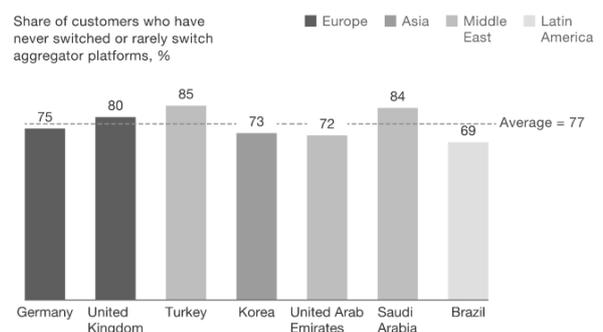
Keywords: *Consumer behavior, Food delivery app, zomato, fasso, e-commerce,*

INTRODUCTION

In today's world service sector contributes 64.80% in GDP. Zomato is one of the most popular applications that provide services to the user to discover restaurants. The rise of digital technology is reshaping the industries. With the increased use of technology, the number of people engaging into the digital sector are rapidly increasing. Even Consumers are accustomed to shopping or even ordering online through apps or websites, with maximum convenience and transparency, expecting the same experience that they would get from the outlet itself. To match up with the consumer's expectations apps are providing increased facilities and services to the customers. This scenario doesn't exist only in one country but all across the globe. Being up to date with the customers' expectations helps firm retain customer's to a greater extent. The Figure 1 below shows the average retention of customers with the help of providing various kinds of facilities to the customers.

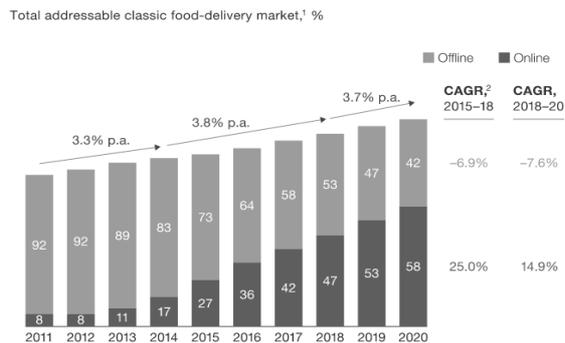**Figure 1: Retention of Customers with the Help of Digital Technology**

Source: http://www.mckinsey.com

---

1. **Faculty (Finance), IBS Business School, Pune**
2. **Student, IBS Business School, Pune**

Digital technology has just started growing, it will continue to grow at a rapid rate and with the effect of this so will the various other industries, including the food delivery industry. In the below figure we can see that the usage of online portals have been constantly increasing and they are expected to increase at a rapid rate even in the near future. Our research indicates that online penetration of the total food-delivery market broke 30 percent in 2016. It is also believed that the penetration rates will grow further as the market matures, eventually reaching 65 percent per year. As per another research the perceptions of the user regarding the service quality of ZOMATO is less than his expectations of what an excellent service should be. So, ZOMATO cannot be categorized an excellent service provider as per the responses we have received from the users.

Figure 2: Expected Growth of online and offline industry

Total addressable classic food-delivery market,[1] %

http://www.mckinsey.com

The recent innovations in the global market are:

- Mobile ordering.
- iPad order kiosks.
- Facebook ordering.
- Tabletop e-waiter & checkout.
- Digital menu boards + smartphones.
- Games while-u-wait.
- Online coupons.

Indian Food App Scenario

With all the boom in digital industry across the globe, it's had its impact on the Indian economy too. The online food ordering firms have sprouted up in bulk. The market size of food in India is expected to reach Rs. 42 lakh crore by 2020, reports BCG. Presently, the Indian food market is around $350 billion. The space is coming up with a lot of innovation catering to their customer convenience, satisfaction and retention. This has also built room for a lot of new players, who are targeting specific groups of people. Many new players joining the segment with innovative business models such as delivering food for health conscious people, home cooked meals, etc.

Food tech is the hot talk in the startup town. After technology startups have made their mark in the e-commerce, taxi & real estate sectors, now the ever-hungry Indian entre-preneurs are looking to satiate the appetite of others. Food tech is a vast market and food delivery startups are just a part of it.

Various apps in the Indian market are:

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

Figure3: The various food apps available in India

Apps		Services Provided			
	Originated	Delivery	Online Menu	Expanded	Delivery Charges
Food Panda	Singapore	Yes	Yes	12000 Restaurants	Yes
Zomato	Portugal	Yes	Yes	10000 Restaurants	No
Beer Café	India	No	Yes	33 Restaurants	No
Box8	India	Yes	Yes	60 Stores	Yes
Fasoos	India	Yes	Yes	125 Centers	No
Dominos	India	Yes	Yes	800 outlets	No
Just Eat	Denmark	Yes	Yes	2000 Restaurants	No
Swiggy	India	Yes	Yes	5000 Restaurants	Yes
Pizza Hut Delivery	US	Yes	Yes	1300 Outlets	No
Fasoos	India	Yes	Yes	200 Stores	No

Source: Author created with the help of secondary data

LITERATURE REVIEW

A research on the changing market for food delivery (Carsten Hirschberg et al 2016) indicates that online's penetration of the total food-delivery market broke 30 percent in 2016. We believe penetration rates will grow further as the market matures, eventually reaching 65 percent per year.

According to gloria food the advantage of online ordering and the reasons for the growth of food delivery app industry are Convenience, Simpler menu to manage, significant savings, no hassles etc

FoodPanda is an introduction to the newest food sensation that's here to stay (Shiyin Chan , 2015) Foodpanda is a global online food delivery marketplace headquartered in Berlin, Germany. Fun fact - they're also known as hellofood in other places in the world.

Bhavna Singh (2015) said that Foodpanda has been present in the Indian market since May 2012. Foodpanda first major move was acquisition of TastyKhana, which was launched in the city of Pune in 2007. Together with TastyKhana and JUST EAT, it is now present in over 200 cities and partners with over 12,000 restaurants.

She also talked about JUST EAT was launched in Denmark in 2001 and was traded publicly on the London Stock Exchange. Their Indian business was launched as Hungry Bangalore in 2006. It was renamed in 2011 when JUST EAT acquired a majority share in the business. Today, the company partners with over 2,000 restaurants.

According to *Deepinder Goyal, Zomato CEO and co-founder* told TechCrunch that he expects to reach 10,000 restaurants in India in a few months. "We have a sales team of around 300 in India and 5,000-odd advertisers… these partners know the volume we bring to them so it is quite easy for us to launch this new service."

According to a recent sectoral report published by *IBEF (Indian Brand Equity Foundation),* food has been one of the largest segments in India's retail sector, valued at $490 billion in 2013. The Indian food retail market is expected to reach Rs 61 lakh crore ($894.98 billion) by 2020. The Indian food processing industry accounts for 32 percent of the country's total food market, one of the largest industries in India and ranked fifth in terms of production, consumption, export and expected growth. The online food ordering business in India is in its nascent stage, but witnessing exponential growth. The organised food business in India is worth $ 48 billion, of which food delivery is valued at $15 billion. Investment in food startups, which mainly include food ordering apps, has increased by 93 percent to $130.3 million, comprising 17 deals till September 2015, as against only five deals in 2014.

According to a *January 28 report in The Times of India,* Rocket Internet backed Foodpanda has not found a buyer even with a rock bottom price tag of $10-15 million. The company laid off 300 people in December 2015, about 15% of its workforce. In September 2015, TinyOwl had fired 100 employees in its Mumbai and Pune offices. And in October, Zomato sacked 300 workers. UK based Just Eat entered and exited the market faster than you would order and receive pizza.

RESEARCH METHODOLOGY

Objectives

- To analyse factors affecting attitude of customers regarding food delivery apps
- To find the most popular app in the digital food delivery app
- To analyze the relationship between food delivery aap and the facilities provided by the same.

DATA COLLECTION AND ANALYSIS

The data has been collected by both ie primary and secondary sources. Primary data includes information collected through questionnaire based on attitude and perception of customers using food delivery apps in India. Secondary data included collecting information about various apps, the industry position, etc from the various

portals from the internet, journals, magzines etc

Sample size

The total sample size was 129 respondents, out of which a major portion was Gen Z i.e. people of the age group 20-25 years.

Research Tools

Following research tools were used to do analyses and to draw conclusions

- Cronbach alpha
- Chi square
- Weighted average
- Descriptive analysis

HYPOTHESIS

- Ho: There is no significant relationship between factors affecting usage and the food apps

  H1: There is a significant relationship between factors affecting usage and the food apps

- Ho: There is no association of popularity with the awareness methods used.

  H1: There is association of popularity of an app with the awareness methods used.

- Ho: There is no most popular app for food delivery among samples

  H1: There is a most popular app for food delivery among samples

ANALYSIS AND INTERPRETATION

To understand the behavior of customers regarding usage of food delivery apps, socio-economic characteristics of the customers were studied. They are the important variables as they decide the consumption pattern and customer behavior regarding these apps. Generally it is believed that, as the income, age and education of the customer varies impact the usage pattern of mobile apps. The following table 4 represents the socio-economic pattern of the selected sample.

Table 4: Demographic profile

Category		Number	Percentage
Gender			
	Male	94	27%
	Female	35	73%
	TOTAL	**129**	**100%**
Age			
	20-25yrs	115	89%
	25-30 yrs	8	6%
	30-35 yrs	4	3%
	35 and above	2	2
	TOTAL	**129**	**100%**
Profession			
	Unemployed	2	2%
	Student	116	90%
	Working	7	5%
	Self employed	4	3%
	TOTAL	**129**	**100%**
Income			
	50000-100000	61	51%
	100000-170000	25	21%
	170000-250000	14	12%
	Above 250000	19	16%
	TOTAL	**119**	**100%**
Consumption			
	Less than 1000	74	57%
	1000-1750	28	22%
	1750-2500	12	9%
	2500-4000	9	7%
	More than 4000	6	5%
	TOTAL	**129**	**100%**

Source: Author with the help of primary data

Specific Information Relating to Customer Behavior

The responses of the customer about the usage and the factors affecting usage were tabulated and analyzed to understand their behavior.
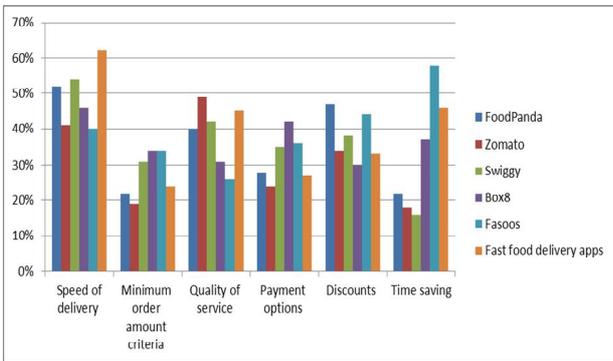
A. Frequency of usage of Food Delivery apps

The Table 5 below shows the usage of different food delivery apps among the selected samples. As per the data collected we can analyze that food panda and fast food delivery app are among the most preferred food apps by consumers followed by Swiggy and Zomato.

Table 5: Usage of apps as per the respondents

APPS	USAGE
FoodPanda	72%
Zomato	62%
Swiggy	65%
Box8	47%
Fasoos	58%
Fast food delivery apps	76%
Others	8%

Source: Author with the help of primary data

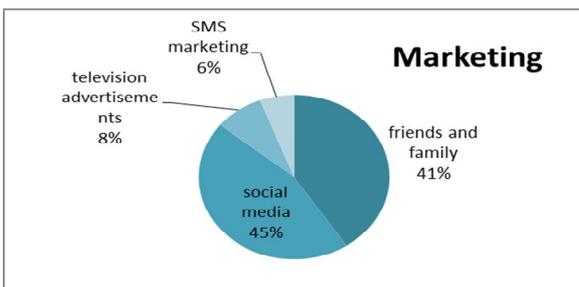**Graph 1: Factors affecting usage of the Food Delivery apps**

Source: Author with the help of primary data

The main objective of this research is to find out factors influencing customers regarding usage of food delivery apps. From Graph 1 we can analyze that speed of delivery is the highest attractive feature on Food Panda, swiggy, box8 and fast food delivery apps. The second highest feature preferred by the consumers is the quality of service provided by the apps and the ordering experience. Discount is considered one of the most important factor while ordering from food panda and fassos.
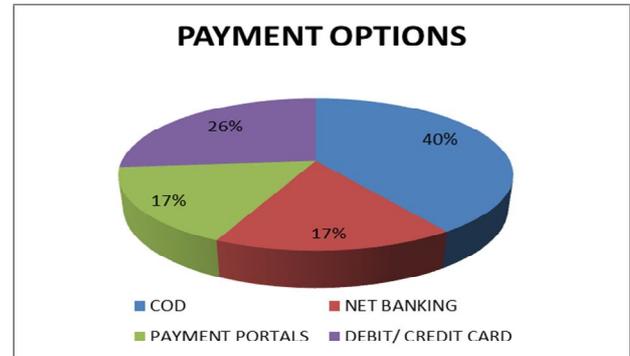
B. Marketing effectiveness

Chart 1: Source of information regarding mobile App

Source: Author with the help of primary data

An examination of data reveals that being majority of the responds from Gen Z, the source of information regarding mobile food apps, there is usage is basically via social media platform or friends and families.

Chart 2: the most commonly available payment options for food app customers

Further analysis says that majority customers prefer credit/debit card payment or cash on delivery, very few customers prefer online payment mode.

The payment options open to customers are cash on delivery, net banking, payment portals and debit or credit cards. Out of these from our research we find that cash on delivery is most preferred by the customers- 40% followed by debit/ credit card payments- 26%.
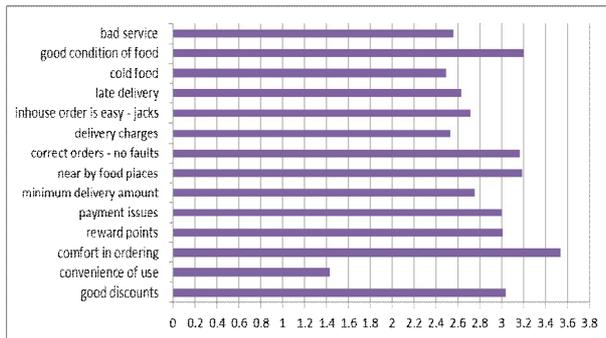
C. Special Apps

Special apps are those apps which can be used in the restaurant; they are not basically the delivery app but restaurant apps. Agent jacks bar, Beer café and 15cafe coffee day are among the most used special apps. Gen Z use beer café app because of easy access whereas agent jacks bar because comfort in using. Similarly they prefer 15cafe coffee day for loyalty points

Graph 2: Comparison of the most attractive feature between all the special apps

Source: Author with the help of primary data

Graph 3: Weight Average of Factors Affecting Usage of Mobile Food Apps

Source: Author with the help of primary data

From the data collected we can generate that according to the weighted averages of the factors the highest weight is given to comfort in ordering and good condition of food at the time of delivery. Thus restaurants must concentrate on these services more as compared to others. Other than these two factors, customers prefer to check restaurants available nearby in the app and expect correct order with no faults in totaling.

Chi Square test between Factors and Food apps

The research also tries to test the relationship between factors affecting usage of food apps with different apps available in market. Cronbach alpha is used to check reliability of the data set. The Cronbach alpha of the data came .967 which is considered to be good.

The Chi square test between factors affecting the usage and the apps comes somewhere around 73.7 with 5% level of satisfaction and 30 degree of freedom. The chi square comes more than table value therefore we reject null hypothesis and accept alternative which says that there is significant relationship between factors affecting usage and the food delivery apps.

Chi square	73.7
Df	30
Table value	29.33
P value	0.000

CONCLUSION

With continuous influx of professionals in cities and rapid urbanization of Indian landscape, the food delivery and restaurant segment is now thriving at a blistering pace. Adding to this scenario is an increasing number of smartphones and food delivery apps. Food delivery apps have now become a big hit with tech-savvy individuals across India. There are several food delivery apps in India that one can download on smart phones to order food on the go and from the comfort of homes. The present study found a significant relationship between factors considered important while selecting a food delivery app. And from the analysis it was also found that the facilities offered play a major role in making a purchase from an app. Social media should be the most desired tool for marketing by firms. Currently cash on delivery is the most preferred option of payment by the respondents but other digital techniques are also in the growth stage. Firms must also make sure that the apps are comfortable and user friendly. The special apps are a convenient way for the consumers to place orders and for the company to attract further more consumers but the comfort of usage must be given a higher preference.

BIBLIOGRAPHY

Ashutosh Bhargave, Niranjan Jadhav, Apurva Joshi, Prachi Oke, Prof. Mr. S. R Lahane (2013) "Digital ordering system for Restaurant using Android" International Journal of Scientific and Research Publications, Volume 3, Issue 4, April 2013

Christian Grönroos, (1984) "A Service Quality Model and its Marketing Implications", European Journal of Marketing, Vol. 18 Issue: 4, pp.36-44.

Michael K. Brady, J. Joseph Cronin Jr. (2001) Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach. Journal of Marketing: July 2001, Vol. 65, No. 3, pp. 34-49

Hannu, Lassi and Mika (2014) "From selling to supporting – Leveraging mobile services in the context of food retailing", Journal of Retailing and Consumer Services, Volume 21, Issue 1, January 2014, Pages 26-36

***