FACTORS AFFECTING THE ONLINE FOOD ORDERING THROUGH DIGITAL APPLICATION PLATFORMS

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ABSTRACT

This study attempts to study the relationship between marketing mix and online food ordering through digital application platforms in Thailand. A total of 400 usable samplings of e-marketplace customers are obtained. The findings reveal that the predictor variables of product (β = 0.204, t = 4.735, P = 0.000), price (β = 0.243, t = 7.957, P = 0.000), place (β = 0.176, t = 5.387, P = 0.000), and promotion (β = 0.211, t = 2.282, P = 0.000) are achieved significance at the 0.05 level.

Keywords : Marketing Mix, Online Food Ordering, Purchase Decision Making

Introduction

New digital reality can unlock significant opportunity for business, and also can disrupt the business at the same time. In the context of restaurant business, it rapidly changes new online platforms race to capture markets and customers across globe. The opportunity for new delivery is to extend food delivery to a new group of restaurants and customers. Rather than competing directly with the aggregators, new-delivery players are expanding the overall market. However, it is possible that in the future even lower-end traditional-delivery restaurants will migrate to new delivery because they will find it more cost efficient to outsource logistics; thus, new delivery poses at least a potential threat of disruption to the aggregators. Increasing of digital technology is reshaping the market. Consumers accustomed to order food online through applications or websites, with providing convenience and transparency, increasingly expect the same experience when it comes to ordering food. Furthermore, restaurant businesses have also adopted the digital business strategies, which are selling make

to order (MTO) food without having a physical store by using digital platform as a medium to marketing with its customers. Worldwide, the market for food delivery stands at €83 billion, or 1 percent of the total food market and 4 percent of food sold through restaurants and fast-food chains. It has already matured in most countries, with an overall annual growth rate estimated at just 3.5 percent for the next five years (Hirschberg, Rajko, Schumacher, and Wrulich, 2019).

Online Food Ordering and Delivering

A significant change in the Thailand food delivery market is the entering of the famous leading food delivery service agency via online platform such as Grab Food, LINEMAN, GET, Panda Food, and more. Since the digital technology offers real convenience to consumers, over the traditional marketplace, including food ordering, delivery, and tracking all the foods being ordered by customers in real-time information about the products being presented to consumers on an digital platform or application on mobile phone, it is a much broader assortment than any restaurant could offer. Furthermore, restaurant chains are being forced to add channels for receiving food orders from outside customers and offer a wider variety of choices. K-Research (a part of Kasikorn Bank) forecasted that the food delivery business in 2019 will amount to 33-35 billion baht, which will be up by 14% from last year. One of main reasons makes the food delivery is the food ordering from applications. The business model is transforming consumer behavior as well as the restaurants' food supply chains (Kbank, 2019). (https://kasikornresearch.com/en/analysis/k-econ/business/Pages/z2995.aspx). However, while the digital platform can provide a massive opportunity for the food delivery industry, there are several challenges that must be overcome. The growth in new delivery is driven by two sources of consumer demand. This first is as a substitution for dining in a restaurant. With new delivery, consumers can dine at home with the same quality food they would enjoy at a fine restaurant. Some platforms even include Michelin-starred establishments in their offerings in selected cities. The second source of demand is as a substitution for meals prepared and consumed at home. Therefore, this research attempts to understand consumer behavior and their buying decision regarding the online food ordering through digital applications in order to provide appropriate marketing strategies for the online food ordering.

Customer Behaviors

Consumer behavior is defined as the study of how individuals, organizations and groups select, buy and make use of products, services, experiences or ideas to satisfy their need and wants (Kotler & Keller, 2012). Kotler and Keller's (2009) Consumer Behavior Theory was the main theory applied in developing the model explaining the consumer behavioral patterns in buying processed fish products in the present research. Other theories such as the Theory of Consumer Purchasing Behavior (Hawkins & Mothersbaugh, 2013); the Food Choice Theory (Sobal, Bissogni, Devine, & Jastran, 2006), Utility Theory (Perloff, 2009), and Incentive Theory (Myers, 1995) were also applied to supplement the purposed model. Customer behavior on online activity has been a shift in customer behavior with respect to activities, habitats and interactions. Due to the significant

changes in the media environment, organizations have embraced digital marketing as a channel to engage with their consumers (Kumar et al., 2016). Furthermore, Shimizu [2] indicated that the consumer behavior is not one-way such as cognition-and-purchase of product or service, and information through reputation information sites. In digital marketing, understanding consumer behavior is key for marketing success as consumers have embraced utilizing the internet and online socializing tools (Vinerean, Cetina, Dumitrescu & Tichindelean, 2013). Being a new tool for interacting with consumers, organizations have to be cognizant of how social media has impacted consumer buying behavior (Rasool Madni, 2014).

Marketing Mix

Marketing Mix variables are the drivers of the revenue stream. Kotler (2005) states that the 4Ps model still provides a valuable framework for marketing planning. The main point beside selling and generating the revenue is that specific elements contained in the marketing mix should deliver more value, build a long-term and mutually profitability relationship with customers. McCarthy (1971) introduced the number of elements in the marketing mix to four basic ones and defines marketing mix as mix of four marketing variables (4Ps), namely, product, price, place, and promotion. Product considers both tangible (goods) and intangible (services) products which include services quality, service facilities, branding, packaging, standardization and grading. Price decisions affect both a firm's sales and profits, so price is always a consideration. Price is defined as any transaction in our modern economy can be thought of as an exchange of money-the money being the price-for something. The function of place is to match supply capabilities to the demands of the many target markets, moving goods wherever they are needed, including the factors that go into providing the time, and place, and possession utilities needed to satisfy target customers. Promotion considers that is communication between seller and buyer, including advertising, personal selling, sales promotion, tools of publicity, public relations, and various other forms of promotion. Promotion is vital, but not the only element of marketing strategy.

Customer Decision Making Process

Customers start searching information before making a decision to purchase product or service. Customers have evolved and no longer make purchasing decisions in a linear approach; they enter at various points, which are dependent on their first engagement with the brand, product research or word of mouth from their online society (Powers et al., 2012). The five-stage consumer decision making process was first introduced in 1910 by John Dewey (Bruner & Pomazal, 1988), and include: problem recognition, information search, evaluation of alternatives, purchase decision and post purchase behavior. Problem recognition is the situation when the consumers recognize their problems and what products to buy to solve these problems. When consumers are not satisfied with the product they have bought or the stored product has been used up or expired, the consumers will search for more information on the products, they will need to buy in the future. This condition complies with Kotler and Keller's (2009) and Hawkins and Mothersbaugh's (2013) found that recognition of

problems of the consumer brings about their search for information on the product to be purchased. Recently, many consumers refer the product or service evaluations in reputation information (Cui, Lui , and Guo, 2012).

Research Methodology

The research design is drawn from quantitative research methodology. The survey is used to establish a baseline on the relationship between marketing mix and the online food ordering through digital applications in Thailand. The total sample for this study consists of 400 samplings. Descriptive, frequency, percentage distributions, means are used to describe and report the information collected affecting to individual variables and demographic information. Furthermore, the data obtained is analyzed by Stepwise Multiple Regression.

Results

A total of 400 usable questionnaires are obtained. The results show the distribution of usable responses by gender; consist of 197 males (49.25%), and 203 females (50.75%).

The respondent response by age; 22% report their age to be between 18 and 32; 31.25% report their age to be between 33 and 40; 25.5% report their age to be between 41 and 50; 12.75% report their age to be between 51 and 60; and 8.5% reports his/her age to be over 61.

The respondents report their average spending each time on the online food ordering each times, 9.5% report that the online food ordering each times is less than 100 baht; 25.75% report that the online food ordering each times are between 101 – 300 baht; 20% report the online food ordering each times are between 300 – 500 baht; 28% report that the online food ordering each times are between 500 – 1,000 baht; 13.5% report that the online food ordering each times are between 1,001 – 2,000 baht; and 3.25% report that the online food ordering each times are over 2,000 baht.

The results show the distribution of usable responses by the online food ordering frequency per month; 10.75% report that they purchase a product on the online food ordering once a month; 25.25% report that they purchase a product on the online food ordering 1 – 3 times a month; 43.5% report that they purchase a product on the online food ordering 4 – 6 times a month; and 20.5% report that they purchase a product on the online food ordering over 6 times a month.

The result presents the frequency of the main food and beverage category they order mostly; 34% report that they order mostly on food product category; 20.25% report that they order mostly on beverage category; 29.25% report that they order mostly on dessert product category; 16.5% report that they order mostly on snack category;

The result presents the frequency of the types of restaurant, 43.75% report that they order mostly from street food restaurant; 21.25% report that they order mostly from chain restaurant; and 35% report that they order mostly from standalone restaurant.

The result also presents the frequency of the primary online food ordering platform that respondents use. 23.75% report that they frequency visit and order is LINEMAN; followed by Food Panda (22%), Grab Food (19.25%), GET (15.75%), SKOOTAR (11%), Others (8.25%)

Table 1 shows the respondents are asked their opinion regarding product factor in marketing mix element that they have experienced in the online food ordering platforms. The most frequency endorsed responses is many seller and restaurants are available (mean = 4.21), followed by several menu and food categories are available (mean = 4.09), restaurant's reputations (mean = 4.03), and friendly application user interface (mean = 3.94).

Table 1 The Mean for Product Factor in Marketing Mix Element

Product	**Mean**	**SD.**	**Ranking**
Many sellers and restaurants are available	4.21	0.76	1
Several menu and food categories are available	4.09	0.73	2
Restaurant's reputations	4.03	0.64	3
Friendly application user interface	3.94	0.65	4
Average	**4.06**	**0.69**	

Table 2 shows the respondents are asked their opinion regarding price factor in marketing mix element that they have experienced in the online food ordering platforms. The most frequency endorsed responses is service charge and fee (delivery) (mean = 3.94), followed by cash on delivery is available (mean = 3.85), varieties of payment methods are available (mean = 3.77), and food and beverage price (mean = 3.74).

Table 2 The Mean for Price Factor in Marketing Mix Element

Price	**Mean**	**SD.**	**Ranking**
Service charge and fee	3.94	0.77	1
Cash on delivery is available	3.85	0.75	2
Varieties of payment methods are available	3.77	0.73	3
Food and beverage price	3.74	0.69	4
Average	**3.82**	**0.76**	

Table 3 shows the respondents are asked their opinion regarding place factor in marketing mix element that they have experienced in the online food ordering platforms. The most frequency endorsed responses is delivery area coverage (mean = 4.32), followed by 24/7 delivery service (mean = 4.30), providing the tracking system to track the order status (mean = 4.17), providing the tracking system to track the order status (mean = 3.66), and application is easy to access and navigate (mean = 3.84).

Table 3 The Mean for Place Factor in Marketing Mix Element

Place	Mean	SD.	Ranking
Delivery area coverage	4.32	0.78	1
24/7 delivery service	4.30	0.77	2
Providing the tracking system to track the order status	4.17	0.70	3
Application is easy to access and navigate	3.84	0.67	4
Average	**4.15**	**0.74**	

Table 4 shows the respondents are asked their opinion regarding promotion factor in marketing mix element that they have experienced in the online food ordering platforms. The most frequency endorsed responses is coupon code for extra discount (mean = 4.12), followed by flash deal for special promotion and events (mean = 3.85), notifications alert for new promotion (mean = 3.77), and having rewards points programs (mean = 3.51).

Table 4 The Mean for Promotion Factor in Marketing Mix Element

Promotion	Mean	SD.	Ranking
Coupon code for extra discount	4.12	0.74	1
Flash deal for special promotion and events	3.85	0.92	2
Notifications alert for new promotion	3.77	0.68	3
Having rewards points programs	3.51	0.77	4
Average	**3.81**	**0.76**	

Table 5 shows the respondents are asked their opinion regarding the customer purchase decision making through the online food ordering platforms. The most frequency endorsed responses is I have an intention to order food on digital application platform (mean = 4.04), followed by I prefer order food on digital application platform (mean = 4.02), I enjoy order food on digital application platform (mean = 3.86), and I recommend my friend to food on digital application platform (mean = 3.80).

Table 5 The Mean for online food ordering through the digital application platform

Food Ordering	Mean	SD.	Ranking
I have an intention to order food on digital application platform	4.04	0.77	1
I prefer order food on digital application platform	4.02	0.75	2
I enjoy order food on digital application platform	3.86	0.62	3
I recommend my friend to food on digital application platform	3.80	0.89	4
Average	**3.93**	**0.77**	

Table 6 shows the significance of each coefficient for each independent variable. It reveals that the predictor variables of product (β = 0.204, t = 4.735, P = 0.000), price (β = 0.243, t = 7.957, P = 0.000), place (β = 0.176, t = 5.387, P = 0.000), and promotion (β = 0.211, t = 2.282, P = 0.000) are achieved significance at the 0.05 level. Therefore, the regression equation for predicting the dependent variable from the independent variable is Customer Purchase Decision Making = 2.203 + 0.431(Product) + 0.362 (Price) + 0.527 (Place) + 0.324 (Promotion)

Table 6 The Relationship between Marketing Mix and Customer Purchase Decision Making

The Relationship between Marketing Mix and Food Ordering	**Regression Coefficient (b)**	**Standardized Coefficient (β)**	**t**	**P**
Product	0.431	0.204	4.735	0.000*
Price	0.362	0.243	7.957	0.000*
Place	0.527	0.176	5.387	0.000*
Promotion	0.324	0.211	2.282	0.000*
Constant (a)	2.203		7.997	0.000*
R = 0.791, R2 = 0.626, SEE = 0.290, F = 72.412, P = 0.000*				

*P < 0.01

Discussions and Recommendations

According to the finding, customers are willing to order food on digital application platform once the platforms have varieties of foods and beverages, and they can find the product of what they are interested. Customers explore the list of the restaurants and their menus in a specific area; therefore, the online food ordering platform should focus on their suppliers and vendors in order to cover all of the interests of their customers. Moreover, they should pay close attention on the developing the digital application platform interface, which are user interface (UI) / user experience (UX) significantly important to consider design elements as tools to guide the user into the user experience and make customer feel good not confused (Gutierrez, 2016). According to Worldpay (2012), they found that customers left the shopping website because the navigation on the website was too complicated. Furthermore, customer are looking for the channels meeting their conveniently life style. The customer has been experienced through the retail experience to expect more convenient options at the doorstep. They make the purchasing decision based on their convenience in term on locations, time, and process. Therefore, ordering and delivering service are particularly important that the online food ordering platforms. They have to pay attention on the customer behaviors and insights into behavior providing a managerial basis for improving the value of the product or service. Thus, the unexpected experiences of online purchasing may impact on future purchases. Good customer service can increase personal and business purchases. Yulisetiarini, Subagio, Paramu,

and Irawan (2017) found that service quality is a crucial factor that interpreted the customers' effort to fulfill the needs and wants. Therefore, the recommendations are suggested as the followings:

1. Online food ordering platforms should design their applications based on user experience, and user interface, significantly concerning on user friendly design. Moreover, The content (pictures and description of goods) is one of the main components of marketplace effective conversion process. It helps a customer to go through a conversion funnel conveniently and make a purchase.

2. To improve better service, and be more sustained in the industry, the logistics is onone of the significant factors need to be concerned. Online food ordering platforms provider should encourage partnerships along with the logistic players can help overcome these challenges.

3. Online food ordering platforms which are providing services need a high level of trust to encourage customers to participate, usually pay even more attention to its suppliers' identity verification control. They should well manage on exclusive suppliers and vendors. The effective vendor management strategy will be benefits and being a marketplace's main competitive advantage.

4. Online customers are looking for much more convenience tools and channels;, therefore, online food ordering platforms should establish an understanding of the unique needs and characteristics of their customer targeted in order to match their needs with a unique offer that will convince them to use the service on the platform.

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