Attributes Affecting to Use Food Ordering App by Young Consumers

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Abstract

Today, the young mobile users are increasing day by day with more dependency on online retail apps. Therefore, this study aims to identify the influence of perceived incentive, perceived price, perceived information and customer relationship management to use food ordering apps. Using convenience sampling method, data of 174 young customers' has been used to analyse through structural equation model analysis with the help of SmartPLS 2.0 and SPSS-20 software. Findings suggest that perceived incentives, perceived information and customer relationship management shows significant results while the perceived price shows insignificant result. Research suggests that the satisfaction and dissatisfaction level of the customer helps in enhancing their facility to use food ordering app. A customer always enjoys the facility of food ordering app, and customers always keep on changing with time and available technologies, motivate companies to continually offer new technologies and update their apps for providing better services.

Keywords

Perceived incentive • Perceived price • Perceived information • Customer relationship management • Food ordering app

1 Introduction

According to economic times (2020) report, the Indian market is considered as one of the fastest-growing smartphone market globally with 560 million Internet subscribers in 2018 (Mckinsey, 2020) and second-largest in the world. It is suggested that in Indian mobile data, users consume 8.3 gigabits (GB) of data each month on average, compared with 5.5 GB for mobile users in China. Business insider (2020) report also suggests that there are about 450 million smartphone users as compared to 550 million feature phone users in India, and it is expected to grow in single digits in 2020, lower than the 2019 levels. Therefore, the markets of young mobile users are increasing day by day with more dependency on online retail apps (Hongwei & Liuning, 2011), as they are always ready to adopt the new technological changes (Atulkar & Kesari, 2018a). Among various available foods ordering apps, customers use some particular apps depending on their suitability based on multiple attributes offered by the app, which influences purchase behaviour (Wang et al., 2019).

There are some studies that explore the attributes affecting to use food ordering apps (Kapoor & Vij, 2018; Yang et al., 2015), but there is a scope to add some other attributes in the future research direction. Some studies (Kapoor & Vij, 2018; Yang et al., 2015) stressed primarily on the technical attributes of the app and their impact on purchase decision (Wang et al., 2019). Singh et al. (2020) study identifies the effects of technological and cultural attributes jointly on m-commerce adoption. Studies (Shanker & Datta, 2018) also determine performance expectancy and effort expectancy to use food apps. But today, the customers get influenced by some more attributes simultaneously which the service providers cannot be ignored. Therefore, based on famous technology acceptance model presented by Davis et al. (1989), present study identifies the influence of perceived incentive, price, information and customer relationship management to use food ordering apps (Fig. 1). As the

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changing lifestyle motivate customers to avoid visiting restaurants for food, food order apps can be the better alternative.

2 Literature Review

2.1 Perceived Incentives

Researcher (Malik et al., 2017) identifies incentives as monetary benefits offered in the form of discount coupons, cashback, rewards, offers, referral coupons and loyalty bonus (Teo et al., 2015) in association with other online players (Johnson et al., 2018). It has been observed that Indian customers are very price sensitive, so these types of offer highly motivate and convert them in developing an attitude to use food ordering apps and influence on customer conversion. This practice has also been validated by some researchers in their past studies (Olivier & Terblanche, 2016). Some other studies (Slade et al., 2013; Unal et al., 2011) also validated that the customers are using these facilities as they perceived incentives and always keep on searching attractive offers provided by m payment apps. Based on these literature reviews, the study presents the following hypothesis.

H1: Perceived incentives have a relationship with attitude to use food ordering app.

2.2 Perceived Price

It has been observed that during the shopping time, customers always compare the vendors quoted price with other vendors in the market (Olivier & Terblanche, 2016) and then interpret offered prize as economical or costly. Researcher suggests that customer develops their price sense by comparing (Atulkar, 2019), understanding and make product decisions based on perceived price (Johnson et al., 2018). A customer always decides the quality of product and services based on perceived price, even on the unavailability of a brand name or other relevant information. By previous research studies (Slade et al., 2013; Unal et al., 2011), perceived cost is a crucial and vital factor for users to decide the food ordering apps, as the transaction utility and perceived price by the customer negatively impact on perceived values by the customer (Osuna et al., 2016; Wang et al., 2019). Therefore, the study presents the following hypothesis.

H2: Perceived price has a relationship with attitude to use food ordering app.

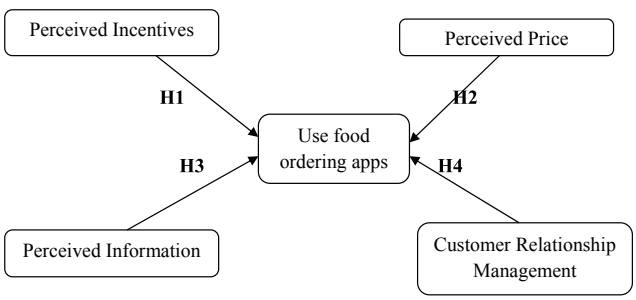

Fig. 1 Proposed research framework

2.3 Perceived Information

According to Yang et al. (2015), quality of information refers to the truthfulness, completeness, appearance and comprehensive information about product or services and converts the customers towards showing their purchase behaviour through m payment apps (Srivastava et al., 2010). Therefore, available information through m payment apps on any smart mobiles increases the engagement level of customers (Ting et al., 2016). Studies suggest that the amount and structure of information and services provided by m payment app will impact on satisfaction (Atulkar & Kesari, 2016) and loyalty (Elliot et al., 2013) levels of the customers for particular apps. Studies demonstrate that the information quality is the level of believable, applicable, accurate and understandable information on real-time bases for making a purchase decision (Atulkar & Kesari, 2017a). Thus, a good amount of relevant and useful information provided by online apps will increase trust in the customers (Atulkar & Kesari, 2018b). Therefore, the study presents the following hypothesis.

H3: Perceived information has a relationship with attitude to use food ordering app.

2.4 Customer Relationship Management (CRM)

Customer relationship management is the facility provided by food ordering apps, which offer customers to make their customized personal user profile on that particular app and access their account safely through secure password (Yang et al., 2015). CRM will create a relationship with the customer and one of the primary reasons for the customer to use m payment apps, which lead to customer conversion. Studies identify it as one of the conceptualized factor (Arvidsson, 2014; Huang et al., 2012) based on group interviews and discussion which help in maintaining the relationships and retaining the customer in the long run. Shanker and Datta (2018) identify that the m payment apps help users to save

their addresses, favourite dishes and restaurants, share their feedback on consumed foods and services (Atulkar and Kesari, 2014a), which help the customers in deciding foods and restaurants during future orders. Therefore, the study presents the following hypothesis.

H4: Customer relationship management has a relationship with attitude to use food ordering app.

2.5 Attitude to Use Food Ordering App

According to Kapoor et al. (2018), conversion means when any customer has accepted and use any particular food ordering app for placing an order through their smartphones (Unal et al., 2011). Studies suggest that when customers purchase anything through a mobile app, it is called customer conversion. For conversion, the food ordering apps offer monetary benefits in the form of incentives (Olivier & Terblanche, 2016; Taylor & Levin, 2014), discount coupons, promotional offers, loyalty discounts, cash back rewards, referral coupons, loyalty bonus points, etc. (Teo et al., 2015; Unal et al., 2011). Studies suggested that the Indian customers are highly price sensitive, and therefore, these types of activities motivate them to develop an attitude to use food ordering apps (Malik et al., 2017). In last, if any customer installs food ordering app in their mobile phone (Taylor & Levin, 2014), registered himself, scan the menu and select the dishes and restaurant to be ordered, make payment online is considered as a customer conversion (Kapoor & Vij, 2018).

3 Methodology

3.1 Constructs and Data Collection

Based on previous literature reviews, it has been suggested that customer conversion for food ordering apps has been variously influenced by perceived incentives, perceived price, perceived information and customer relationship management. Therefore, 14 research items for theses constructs are retrieved from existing literature reviews and update according to the research topic. The research questionnaire consists of two parts, first the demographic characteristics and second the questions related research objective and was measured in a five-point Likert scale. Using convenience sampling methods, data from 221 young customers' has been collected in March 2020. A final set of 174 questionnaires were used to analyse through structural equation model analysis using SmartPLS 2.0 and SPSS-20 software. The 18–30 years age group customers are the respondent for this research, as they are highly techno savvy customers. Out of which, 105 customers are male, and 69 are a female customer.

4 Data Analysis and Result

Structural model analysis (Davison et al., 2003; Hair et al., 1998) has been utilized by the researcher using SmartPLS 2.0 statistical software, which helps to calculate the values of validity and reliability of the constructs. The study also estimates the values of factor loadings and path coefficient (Chin, 2001; Davison et al., 2003; Henseler et al., 2015), and it has been suggested that the path coefficient is significant if the *t*-value is higher than 1.96, with a significance level of 5%. Statistical significance is a determination about the null hypothesis, which hypothesizes that the results are due to chance alone. A data set provides statistical significance when the p-value is sufficiently small.

4.1 Validity and Reliability

First, the study measures the reliability and validity of the constructs. In reliability, the study observes the values of composite reliability and alpha (Raykov, 1997), where the values for both cases should greater than or equal to 0.70 (Nunnally, 1978). While in case of validity (Fornell & Larcker, 1981) of constructs, researcher observes the values of factor loading and average variance extracted under discriminant and convergent validity, which should be equal and greater than 0.50 (Bagozzi & Edwards, 1998). Findings for Cronbach's alpha are under 0.74–0.82, and the values for composite reliability are in between 0.73 to 0.81. Similarly, the factor loading values are in between 0.56 and 0.73, and for average variance extracted (AVE), the values are under 0.59 to 0.72, which suggests good validity and reliability of constructs (Tables 1 and 2).

4.2 Path Coefficients

Obtaining the values of path coefficient, regression analysis using SPSS 20 software has been done by the researcher. Table 3 shows the value of standardized path coefficients (β), *t*-value and associated significance levels for all relationships. Resulted value indicates that perceived incentive ($\beta = 0.167$; *t*-value = 2.706; $p = 0.0173$), perceived price ($\beta = 0.295$; *t*-value = 2.245; $p = 0.025$), perceived information ($\beta = 0.297$; *t*-value = 3.153; $p = 0.032$) and customer relationship management ($\beta = 0.142$; *t*-value = 2.368; $p = 0.019$) had positive and significant influence on customer conversion. Thus, all the hypotheses H1, H2, H3 and H4 were accepted by the researcher.

Table 1 Reliability and validity analysis

Constructs and their observable items	Loadings
Perceived incentives (PI) (AVE = 0.59, CR = 0.81, α = 0.74)	
PI 1: Food ordering apps gives cashback and discounts	0.65
PI 2: Food ordering apps offer attractive incentives	0.73
PI 3: I like food order apps, as they keep on giving a loyalty bonus	0.58
Perceived price (PP) (AVE = 0.72, CR = 0.76, α = 0.86)	
PP 1: I believe ordering food through an app is more economical	0.67
PP 2: I believe that I can save more money by using food ordering app	0.72
Perceived Information (PIN) (AVE = 0.64, CR = 0.73, α = 0.78)	
PIN 1: Food ordering apps gives me relevant and accurate information	0.58
PIN 2: Food ordering apps provide excellent restaurants available near to you	0.61
PIN 3: Customer's review on restaurants are available on the food ordering app	0.73
Customers relationship management (CRM) (AVE = 0.68, CR = 0.79, α = 0.82)	
CRM 1: Food ordering app offers comfortable users login facility	0.71
CRM 2: Food ordering app can store our personal address	0.68
CRM 3: I love food ordering apps because it saves our past favourite orders	0.69
CRM 4: Food ordering apps have the facilities of feedback and share information	0.56
Customer Conversion (CC) (AVE = 0.67, CR = 0.78, α = 0.82)	
CC 1: I love to use food order apps in the future	0.58
CC 2: I like to order food on an app instead to visit restaurants	0.62

Table 2 Latent variable correlation

Constructs	Mean	SD	PI	PP	PIN	CRM	CC
PI	4.11	0.78	**0.81**[a]				
PP	4.31	0.83	0.70	**0.85**[a]			
PIN	4.25	0.79	0.72	0.78	**0.80**[a]		
CRM	4.05	0.76	0.73	0.71	0.76	**0.82**[a]	
CC	4.31	0.86	0.84	0.73	0.78	0.75	**0.81**[a]

Note [a]Diagonal elements are squared AVE

Table 3 Main effects and path coefficients

Hypothesis	Beta	*t*-value	*p*-value	Result
H1: PI -> CC	0.167	2.706	0.017	Supported
H2: PP -> CC	0.295	2.245	0.025	Supported
H3: PIN -> CC	0.297	3.153	0.032	Supported
H4: CRM -> CC	0.142	2.368	0.019	Supported

Note Significance level $P < 0.05$, if *t*-value => 1.96, based on two-tailed *t*-test

5 Discussion and Conclusion

Based on findings, it has been suggested that all the attributes namely perceived incentives, perceived price, perceived information and customer relationship management influence on customer conversion to use food ordering apps, especially in developing countries like India, where customers are very prices sensitive.

Study finding shows a significant positive relationship between perceived incentives and customer conversion. The study observes that getting incentives from food ordering app plays an important in customer conversion to use these apps which is also supported by previous research studies (Olivier & Terblanche, 2016; Taylor & Levin, 2014; Teo et al., 2015; Unal et al., 2011). It has been suggested that the customers love to get various offers, schemes and discount available on particular food ordering apps. Indian customers

are more prices sensitive and always keep on searching for more offers, discount and loyalty bonus in the form of incentives. Therefore, H1 hypothesis is accepted by the researcher, which influence customer purchase behaviour from food ordering apps.

Findings for the relationship between perceived price and customer conversion also show significant positive results, and thus, the H2 hypothesis is accepted by the researcher. As the customers always search for the attractive prices for their order at food ordering app and also supported previous studies (Kapoor & Vij, 2018; Osuna et al., 2016; Slade et al., 2013; Unal et al., 2011), researcher suggests that the customers love to save money in terms of cashback, discount and bonus points. Thus, it has been recommended that choosing a particular food ordering apps depends on the offers provided by those players. It also helps customers to retain in the future and avoid them to shows switching behaviour. Therefore, various exciting offers and discounts available on food ordering app motivate a customer to show purchase behaviour regularly.

Similarly, the study outcome for the relationship between perceived information and customer conversion also shows the significant positive influence, and therefore, the H3 hypothesis is accepted by the researcher. Thus, the study supports the previous study findings (Elliot et al., 2013; Kim et al., 2009; Srivastava et al., 2010; Ting et al., 2016). The study suggests that the food ordering apps provide regularly updated information related to food, quality and prices. Mostly, the images of food on the menu and list of nearby restaurants motivate customers to view the food ordering apps and to connect them for food ordering. Therefore, updated and authentic information supports customers in decisions making while ordering food from particular apps and leads to customer conversion.

Resulted findings for the relationship between customer relationship management and customer conversion show the significant positive influence and supported by previous research studies (Arvidsson, 2014; Huang et al., 2012; Shanker & Datta, 2018; Srivastava et al., 2010; Teo et al., 2015; Unal et al., 2011). Therefore, it has been suggested that the customer have the facility to prepare their profile on the app, which allows them to secure login and customized their orders. It is easy to use, offers a facility to save addresses, customized pickup and delivery time and payment facilities through multiple online modes. Therefore, perceived information from food ordering app is considered as a crucial antecedent in adopting mobile app technology.

Finally, the study concludes that perceived incentives, perceived price, perceived information and customer relationship management show the significant favourable influence on customer conversion towards food ordering apps. The study observes that food ordering apps need to develop in terms of attractiveness, have to offer attractive price, incentives and always have to maintain a relationship with the customer in this competitive e-commerce scenario. Therefore, food ordering apps need to provide meaningful, attractive, precise, accurate and relevant information to their customers. The study demonstrates that perceived price and incentive in the form of various schemes, discount and offers influence customer conversion to use food ordering app. Similarly, customer relationship management with the help of complete information helps service providers to convert their customer towards food ordering apps from outside restaurants eating habits. Thus, the entire attribute plays an essential role in customer conversion.

6 Research Implications

The present study explores the relationship between four attributes on customer conversion to use food app service. It suggests that with the growing mobile apps business globally, there is a need to recognize every variable, which leads to the conversion of customers. Today, the expectation of customer keeps on changing with time and technology, where all these factors play an essential role. Thus, it creates a massive scope for penetrating and expanding consumers market in India. The service providers need to hold and attract new customers by offering various lucrative offers through apps in this growing competitive online business market. Similarly, positive customer reviews and feedbacks are very fruitful for service providers to improve their services for attracting new user while using and placing orders through theses apps and also increasing satisfaction levels of the customer.

7 Limitations and Further Research

The present study mainly focused on customers of central India and age group between 18 and 30 years creates scope of future research on all age group customers. Future research can also focus on customers from other regions and even the other country to make the study more generalized and uniform. The study only focuses on customer's attributes, so some more attributes like visual design and website attractiveness need to be considered by future researchers. Therefore, the study would help academicians and future researchers to focus on customers interest to use mobile app technologies for obtaining more fruitful results for improving the services.

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