



**CUSTOMER BUYING DECISION PROCESS
USING ONLINE PLATFORM FOR ONLINE FOOD
DELIVERY IN THAILAND**

BY

MR. THANAKRIT KITTHANADEACHAORN

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF SCIENCE PROGRAM IN MARKETING
(INTERNATIONAL PROGRAM)
FACULTY OF COMMERCE AND ACCOUNTANCY
THAMMASAT UNIVERSITY
ACADEMIC YEAR 2016
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INDEPENDENT STUDY

BY

MR. THANAKRIT KITTHANADEACHAKORN


ENTITLED

CUSTOMER BUYING DECISION PROCESS USING ONLINE PLATFORM FOR
ONLINE FOOD DELIVERY IN THAILAND

was approved as partial fulfillment of the requirements for
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ABSTRACT

Objective: The objective of this independent study is to understand the perception of customers toward the online food delivery service as well as explore factors that could affect consumer decision-making process toward the online food delivery service. This research would be beneficial to restaurant owners who wish to establish a business presence on the online platform.

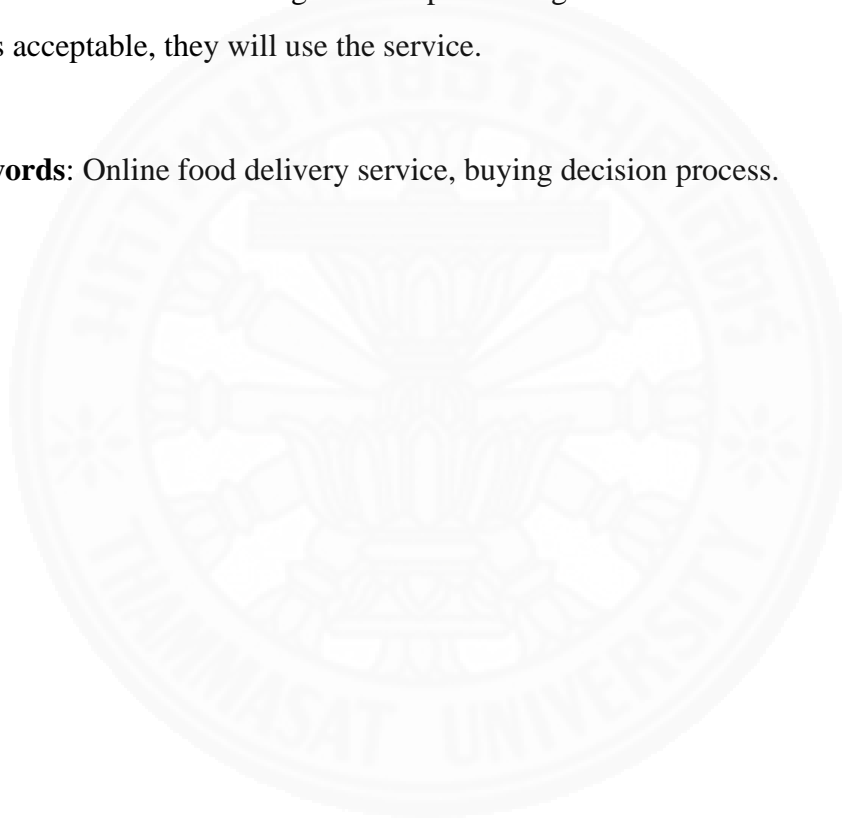
Methodology: This research mainly involved both primary and secondary research. The primary research is consisted of 25 in-depth interviews and 3 focus groups. The respondents who were interviewed are between 18 to 50 years old and belong to different Socioeconomic status. The respondents could be divided into current users (i.e., those who have used online food delivery service within the past 3 months) and non-users (i.e., those who have never used online food delivery service).

Findings: For users, the perception toward the online food delivery service is positive. They perceive that online food delivery service offers convenience. However, there are some negative feedbacks on the complexity of the online platform. For non-users, they also perceive that online food delivery service offers convenience. However, the reasons they do not use the service are either because of their

limitations on using the system or they cannot justify the perceived risk that are involved in ordering food online (i.e., on the quality of food and payment).

With regards to the buying process, the process begins with the customers realizing they do not have time or find it difficult to get food. The customers will then seek for the information for services that can help them solve the problem. After that, they will match the problem that they have and evaluate the services that are available in the market. The final stage before purchasing is risk evaluation. If the perceived risk is acceptable, they will use the service.

Keywords: Online food delivery service, buying decision process.



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Mr.Thanakrit Kitthanadeachakorn

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CHAPTER 1

INTRODUCTION

1.1 Background.

In this technology driven age, the Internet has become one of the most powerful forms of media. As the consumption of traditional media is declining and the consumption of online media is growing, businesses have to change the way they operate. One of the reasons for the growth in consumption of online media is due to the younger generation. In order to revive from declining sales, many leading companies have started to adopt online business strategies. An example of this is the e-retailing campaign Tesco launched in South Korea in 2015. Customers are able to make transactions on the virtual online store, allowing Tesco to fulfill and deliver the customers' orders within a few hours. This strategy has led to soaring profitability for Tesco, making it the second largest retailer in South Korea.

Restaurant businesses have also adopted the online business strategies. There are now many new restaurant businesses that are selling make to order (MTO) food without having a physical store. These restaurants use the online platform as a medium to communicate with its customers. "JQ Seafood Restaurant" is one of the success stories of a restaurant business that operates without a physical store. This unique restaurant sells cooked fresh seafood via Facebook and delivers them to customers using motorbikes. JQ Seafood Restaurant has only been in operations for a few years but has had huge success. It is now earning a monthly revenue of 10 million Baht.

The Internet has also provided the same benefits to traditional restaurants to increase sales. The Internet has also led to the creation of "middlemen" for restaurant businesses, such as the food ordering and delivery companies. These middlemen establish relationships with restaurants and list the partnered restaurants on its online platform (i.e., websites or mobile applications). Customers can then place their orders on the online platform. The income for these middlemen is generated either through commission fees from restaurants, delivery fees from customers, or both. The best

example of this is Foodpanda, an intermediary with a virtual dot com store and mobile application. Customers can place their orders online and the food will be delivered to their requested destinations. Nonetheless, there are requirements set by Foodpanda that the partnered restaurants will be required to meet, such as the food must be prepared within 15 minutes after an order is placed. Foodpanda will handle all the logistics and payments for the partnered restaurants. Foodpanda earns income through both commission fees from restaurants and delivery fees from customers. This new business model has started to gain popularity, as evident by the number of players trying to enter the market, such as Line Man and Uber food, whose service will be launched at the beginning of 2017.

The traditional MTO food delivery market is considered as one of the biggest markets in the Thai food industry. In 2016, the Thai food delivery industry was worth 24,434.4 million Baht (Euromonitor international, 2016). However, the trend is starting to shift from the traditional food delivery service to the online food delivery service. The online MTO food delivery industry had a huge CAGR at 89.7% in 2015 (Positioningmag.com, 2015). When the online food delivery industry is fully developed in the coming years, it is possible it will be bigger than the traditional food delivery industry. As a result, the traditional MTO food delivery service companies are starting to adopt online business strategies. For example, The Pizza Hut Company, the largest fast food restaurant chain in Thailand, has introduced dot-com store and mobile application in 2015, as an attempt to increase sales.

While the online platform can provide a massive opportunity for the food delivery industry, there are several challenges that must be overcome. These include the consumer perception on short shelf life of food products and the unique buying process of food products where most consumers prefer to see the actual products before making a purchase. This research aims to understand consumer perception and their buying processes. The research will compare consumer behavior and perceptions on restaurants, traditional food delivery service and online delivery service, in order to identify factors that can influence consumer behavior and craft appropriate marketing strategies for the online food delivery market.

1.2 Research Objective

This study will provide restaurant businesses and food delivery businesses with a current or a future online presence a better understanding on the consumer perception and on the characteristics of those who use online food delivery services, in order to be able to identify key success factors to craft the appropriate marketing strategies. The research objectives are identified as follows:

- 1) To understand consumer perception toward purchasing MTO food via the online platform
- 2) To understand the buying processes and factors which can influence consumers when using online MTO food delivery services



CHAPTER 2

REVIEW OF LITERATURE

This study is a contemporary topic in applied marketing, which relates to the subject of society. The information gathered from the literature review will be used as a basis for the analysis and to gain insights into the food delivery industry.

This section will be divided into three parts, as follows:

- The traditional food delivery industry and the online food delivery industry
- Consumer behavior in the online food delivery industry
- The competition in the online food delivery industry

2.1 Traditional food delivery industry and online food delivery industry

The food market is growing at a maturity rate of 2-4 percent from 2016 to 2017. However, the food delivery market is growing at a CAGR of 11-15 percent from 2016 to 2017. The reason of this growth is due to the changes in consumer behavior, where time and convenience are highly valued (thansettakij.com, 2016). It is estimated that the traditional food delivery market will reach the maturity stage within the next five years. The market is estimated to grow at the rate of 3.5 percent in the next five years.

Technological advances in today's era have provided opportunities for the food delivery industry and have reshaped the food delivery industry. In addition, technological advances have changed the behavior of consumers. The online platform allows customers to access multiple restaurants through visiting a single website or a single mobile application, making it more convenient for consumers. It is possible this new change can bring a significant growth to the food delivery market (Sydney morning herald, 2016).

The online MTO food delivery industry had a huge CAGR at 89.7% in 2015 (Positioningmag.com, 2015). This shows that the online platform provides a new opportunity for the food delivery market. It is projected that the proportion of online food delivery industry to the entire food delivery industry will jump from 8 percent in 2011 to 53 percent in 2019 (mckinsey.com, 2016).

Based on the interview with Mr. Alexander Felde, the Co-Founder and Managing Director of Foodpanda, it was revealed that the online food delivery market has expanded by 150 percent in the past 3 years. Foodpanda also revealed that the proportion of Thai customers to total customers expanded from 12 percent in 2012 to 56 percent in 2015. This shows the growing number of Thai consumers in the online food delivery market (Manager online, 2015).

2.2 Consumer behavior in the online food delivery industry

Most online food delivery services do not have physical stores. The way these companies communicate with their customers is through the online platform such as social media. Since consumers do not get to see the real products, 58 percent of consumers rely on and are enticed by online food pictures, 26 percent prefer online reviews and 9 are enticed by video clips posted online (Positioningmag.com, 2016).

Based on the survey conducted by EIC on consumers aged between 20 – 40 years old, over 20 percent of consumers have purchased food online and half of those do it on a regular basis (i.e., at least once a month). A majority are office workers and business owners. However, some operators only offer their services in Bangkok and major cities. Therefore, the researcher suggests that operators expand their area of service in order to capture a higher market size (SCB economic intelligent center, 2016).

The spending for each online food delivery transaction can be as low as 200 Baht or as high as 1,000 Baht. Consumers perceive that online food delivery are more convenient and provide them with an opportunity to try unique or rare food. This rising trend is supported by the significant growth in this online market (Positioningmag.com, 2016).

2.3 The competition in online food delivery industry

Due to the soaring demand in the online food delivery industry, the industry has attracted many players. Foodpanda, a food delivery company owned by Rocket Internet, was the first company that seriously tackled the online food delivery market. The company spent USD 60 million in 2015 to acquire 7 food delivery companies, including Food by Phone, the phone delivery food service company operating in

Thailand (thumbsup.in.th, 2015). Nowadays, Foodpanda is a leading company in the online food delivery industry.

Foodpanda was not the only player that was attracted to this market. Line, a company based in Korea, was also attracted to this market. Line introduced the Line Man service in Thailand in 2016. Nonetheless, Line Man's focus is on the delivery services, while Foodpanda's focus is specifically on food (mxphone.net, 2016).

Uber, an online transportation company, also tapped into this market by introducing UberEATS. This new service utilizes Uber's business model, but for food logistics. Such service was first introduced in the United States and is expected to commence operations in Thailand in early 2017.

With significant number of players entering the Thai online food delivery industry, it is a solid proof that the Thai online food delivery will grow bigger in the near future.

2.4 Summary of literature review

Based on the above literature reviews, the food delivery service is one of the growing markets. The trend is shifting from the traditional food delivery service towards the online food delivery services, as represented by the significant growth in the latter in the past few years.

Consumer behavior on purchasing online MTO food is also unique. Factors that influences consumer decisions include pictures, reviews and streaming videos. The spending on each transaction is relatively high, compared to normal food purchasing. Moreover, people who live in the city has a higher tendency to purchase, compared to people who live outside the city.

CHAPTER 3

RESEARCH METHODOLOGY

This research is designed to explore factors that could affect the consumer decision-making process, consumer perception and their behavior toward using online food delivery service. In order to achieve the study objective, both primary and secondary researches were conducted. The objective of each research method is outlined below:

3.1 Secondary research

The objective of the secondary research is to understand the overview of the online food industry and the adoption behavior from previous academic findings. These are used as a basis to develop the scope of the study:

Industry Overview: The information was gathered through published sources and websites such as Euromonitor reports.

Literature review: The information was gathered through published articles, magazines, online news, academic journals and books.

3.2 Primary research

After the secondary research, primary research will be conducted through in-depth interviews and focus groups to identify consumer perception.

In-depth interview

In-depth interviews were conducted on two types of interviewees; those who have used the online delivery services within the past three months and those who have never used the online delivery services but have had experience in purchasing delivery food.

A total of 25 in-depth interviews were conducted; 15 on consumers who have previously used online delivery services and 10 on consumers who have never used online delivery services. The target interviewees are consumers aged between 18-50 years old and belong to the Socioeconomic Status (SES)* A, B or C, as identified below:

Table 3.1 respondent profile

User			Non-User		
	Age	Socioeconomic Status (SES)		Age	Socioeconomic Status (SES)
1	18-21	C	1	18-21	C
2	18-21	B	2	18-21	B
3	18-21	A	3	18-21	A
4	22-30	C	4	22-30	C
5	22-30	B	5	22-30	B
6	22-30	B	6	22-30	A
7	22-30	A	7	31-40	C
8	22-30	A	8	31-40	A
9	31-40	B	9	41-50	C
10	31-40	B	10	41-50	A
11	31-40	A			
12	31-40	A			
13	31-40	B			
14	41-50	A			
15	41-50	A			

Focus group

Focus group is another great way to collect various ideas through group discussion. The participants of the focus group are male and female, aged between 18-50 years old and belong to SES* A, B or C. The focus group consisted of both users and non-users. Users are consumers who have used the online delivery services within the past three months, while non-users are consumers who have never used the online delivery services but had prior experience in purchasing delivery food.

The research was incorporate three focus group interviews. Each focus group will consist of both users and non-users, varying in age and gender. Each focus group was divided based on the participants' SES (i.e., A, B, or C).

The length of each in-depth interview will not exceed 30 minutes, while the length of each focus group interview will not exceed 60 minutes.

*Socioeconomic Status (SES) will be provide in appendix A.

3.3 Data collection

Due to the time constraints, the researcher will only collect data within Bangkok, Thailand and will employ convenience sampling method.

In-depth interview

The interviewees will be recruited by the researcher through personal connection or social media (i.e., posting a request on personal Facebook Twister or Line). This research will only collect interview data through face-to-face interviews.

Focus group

The participants must meet the specified criteria. For users, the participants must have used the online delivery services within the past three months, while non-users are consumers who have never used the online delivery services but had prior experience in purchasing delivery food. Snowball sampling will be used for participant recruitment, through personal connection or social media. There was a reward for participating.

3.4 Identification of Key Research Variables

There are seven key variables for this research, six of which are independent variables that can influence the dependent variable (i.e., consumer behavior on purchasing food online). Each variable is explained in detail below:

Dependent Variable:

1. **Behavioral of online purchase:** This variable is the decision that consumers make at any given point of time, such as their evaluation on the types of food and availability (shelf life) of the product. For example, consumers might not order noodle soups because they feel that it is inconvenient and that the delivery may have an effect on the taste of the noodles, even though noodle soups are delivered in the same way other products (e.g., pizza) are delivered.

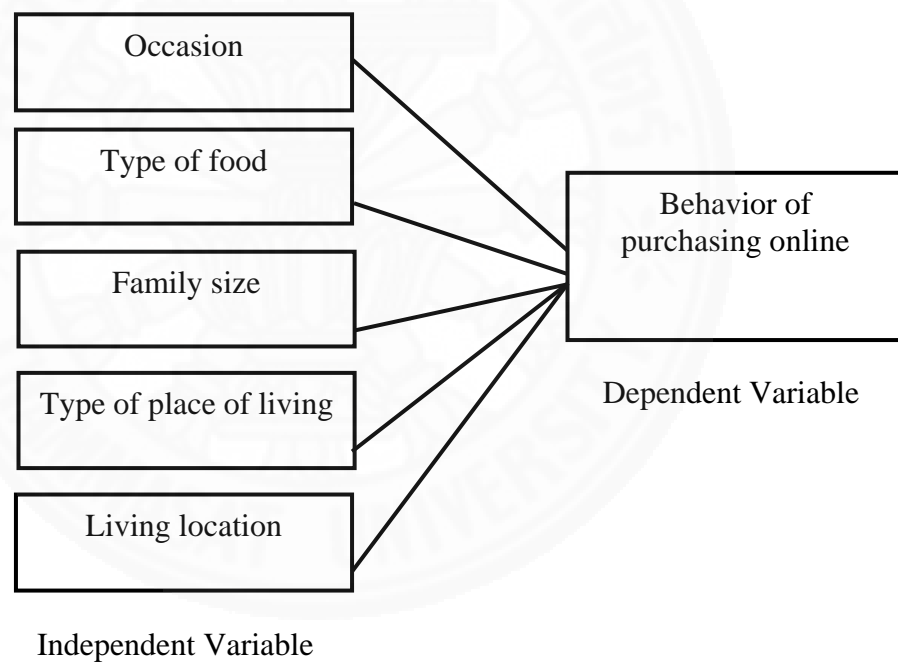
Independent Variables:

1. **Demographic:** this variable determines what type of products/services consumers buy/use. For instance, consumers who belong to the SES C (i.e., low income earners) may not purchase from Line Man because they perceive that the delivery fee is too expensive. Examples of demographic variables include gender (i.e., male and female) and personal income (i.e., high, medium and low).
2. **Occasion:** The demand for online food could be very high at a certain time of the day. For example, 11am (before lunch time) is one of busiest periods for online food delivery.
3. **Type of food:** Some consumers believe that there are particular food products that should not be purchased online. The example of the variables is noodle soups and a lot of consumers refuse to purchase them online.
4. **Family size:** Family size has an impact on the consumer's product choice. Family size can also determine the amount of the product and type of the product placed in each order. For example, the price of the food orders placed by large families can be approximately 700 -1,000 Baht per transaction, while the price of the food orders placed by smaller families can be approximately

300 Baht per transaction.

5. **Type of place of living:** This variable relates to how certain consumers value convenience. The type of residential properties people reside in can also reflect their lifestyles. People who live in condominiums have a higher tendency to use the online delivery services, compared to those who live in houses.
6. **Location:** This variable affects the accessibility to food. For instance, the living location in an area with high traffic jam will lead to a higher number of transactions, compared to other locations.

Figure 3.1 Research Variable Conceptual Model

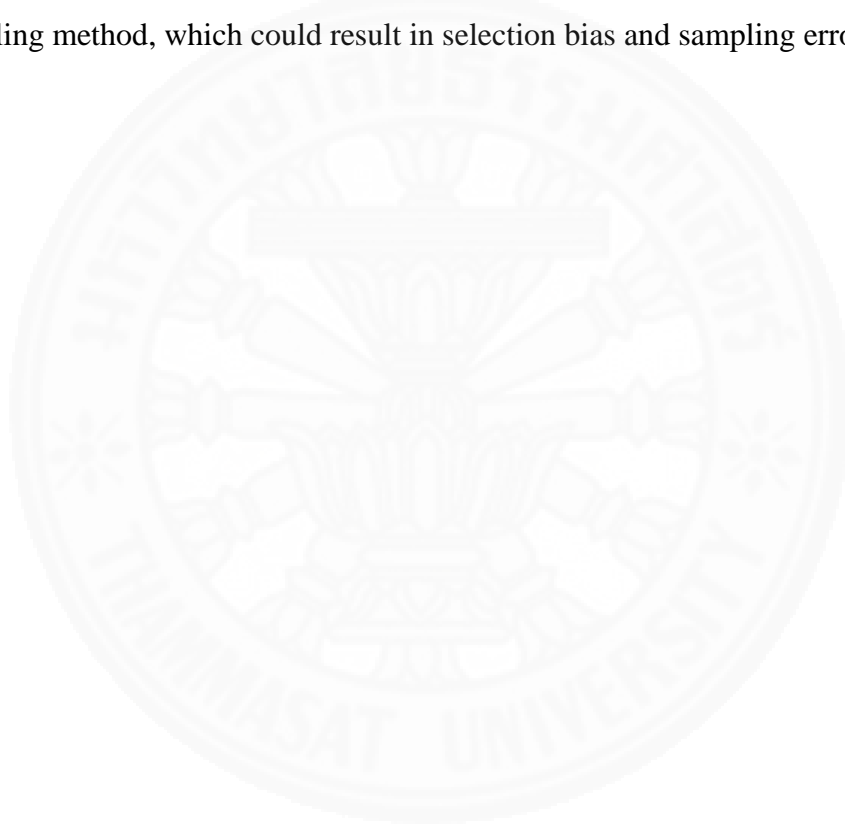


3.5 Limitations of the study

The following are limitations of the study:

1. The target respondents are those based in Bangkok and may not represent the entire population of Thailand.
2. The research was only conducted on a limited number of participants (i.e., 25 in-depth interviews).

Due to the time and resource constraints, this study was conducted using convenience sampling method, which could result in selection bias and sampling errors.



CHAPTER 4

RESULTS AND DISCUSSION

4.1 Key Findings of Secondary Research

- Food delivery market is growing due to the change in customer behavior - time-poor consumers seeking for convenience.
- Traditional food delivery is saturated and expected to decline in the next five years due to declining growth rate.
- Online food delivery is expected to be the next move in food delivery industry. Since, the technology is changing and moving toward the online platform. Online food delivery will take most of the shares from food delivery market in the future.
- Thai consumers are also shifting toward online food delivery as proven by significant growth of Food Panda, a well-known online food delivery service provider in Thailand.
- Since online food ordering does not require customers to visit the actual store, they rather stay home and order via the online platform. Most customers use several criteria to judge which restaurant they want to order from by looking at the photos of the food, reviews from previous customers and VDO clips.
- The research shows that early adopters for online food delivery are customers who are office workers and business owners. They usually spend around 200-1,000 THB per order.
- The reason that customers adopt online food delivery is it gives them an opportunity to order food that is probably hard to find in particular location.
- In Thailand, there are currently three key players in online food delivery market. This includes Food Panda, Line Man and Uber Eats.
- However, most of the online food delivery services are currently only offer their service within Bangkok area.

- It is proven that the online food delivery market in Thailand is growing significantly and is expecting to expand nationwide in the future.

4.2 Key Findings of Primary Research: In-depth Interview and focus group

4.2.1 Demographic and Social status

The research gathered data from 42 respondents, 25 on in-depth interviews and 12 in focus groups.

A. Age, Social Status and Gender

The in-depth interview respondents are consisted of 15 females and 10 males with various age ranges. Six respondents are university students (aged between 18-21 years old). Eight respondents are first-jobbers (aged between 22-30 years old). Six respondents are working adults (aged between 31-40 years old). And the rest five respondents are mature (aged between 41-50 years old).

First focus group has three females and one male. This group consists of two first-jobbers, one university student and one working adult. One of the university students is non-user, the rest of the respondents are the users.

Second focus group has two females and two males. This group consists of three first-jobbers and one working adult. One of the fist-jobbers is non-user, the rest of the respondents are the users.

Third focus group has three females and one male. This group consists of two first-jobbers, one working adult and one mature. The mature is non-user and the rest of the respondents are the users.

B. Social Economic Status

The respondent's SES consists of A B and C. 16 respondents are in A level, 15 respondents are in B level and 11 respondents are in C level.

C. Level of education

More than half of the respondents (25/42) hold a bachelor's degree. 10 of the respondents are studying in undergraduate program and seven of the respondents are educated in high school or below.

4.2.2 User respondent's perception of online platform for food delivery service

The respondents are the people who have the experience in purchasing food delivery service through online platform in the past three months. After the interview, the research found that all the user respondents were familiar with the traditional food delivery service (by phone) before they started using online channel.

The user respondents provided their insight views which have been summarized below:

A. Online platform is more convenient

The respondents feel that online platform is more open than ordering on phone because, firstly, it allows more time to consider. When making an order through a telephone call, it has to be brief and rash because there will be an operator waiting for the order. Unlike online platform, there is no one waiting for the order so the respondents do not feel worried when they are making an order. One of the respondents said

*“online platform allowed me to have **more time to think and process** what I need. It made **me feel more comfortable to make an order** than doing it over the telephone call”.*

Another reason why online platform is more convenient than the tradition is, it more visualized. All the respondents agreed that online platform has more visual content. The menu, pictures and promotion shown on the website allow the respondents to have more understandings towards the food menu, seasonal sale promotion and comparing the menu of each restaurant. Online platform facilitates the respondents to make decision easier. Three of the respondents said

*‘I can look at the menu on website or I can even read a review to have more information of what I will order which is **really convenient for me to decide what to order**’*

*“**I don’t want to order food by phone** because I can’t see the menu and the flyer does not give me enough information”*

*“Online platform is more convenient. I can see the menu. **It helps me make the right decision for what I need to order**”*

Furthermore, the respondents not only perceive the ordering process, but also perceive its convenience with choices of food that they can order via online platform. With a third-party food delivery service on online platform, it is possible to deliver the food that is not available in the normal delivery service. The respondents explain that this type of service can provide them better convenience, for example, they can save more time; they do not need to travel to buy food and they can order a variety of food from different restaurants at the same time. One of the examples from the respondents is

*“**With Lineman, I can save a lot of time.** In the past, when I wanted to host a party, I had to spent hours to get the food but now with Lineman, it is just a few clicks and in an hour everything is right in front of my place.”*

*“I don’t like to go out in hot weather conditions, so I use Foodpanda and **I can get the food I need with setting foots outside my house.** It is very convenient.”*

However, some of the respondents found online platform in the opposite way yet still order food online but they have to ask for help from others. They feel that online platform is too complicated for them to use particularly for the respondents who are over 40. The reason is that those respondents are not familiar with online platform and they found the difficulty in ordering process. The respondents who feel that online platform is too complicated for them said

*“**The online platform is too difficult for me.** I have to ask my son to do the ordering for me. If I have to do it by myself I will do it over the phone call and look at the menu on the website”*

B. There are more choices with online platform

Most of the respondents perceive that the online platform requires lower cost to start a business. Therefore, they believe that they could find a lot of small businesses that sell food via the online platform. Those small businesses are providing a lot of choices for them. Some of the respondents believe that they can find rare or unique food via the online platform, for example, one of the respondent said

“I can find a lobster in an online shop. Basically, it is hard to find some good lobsters in Thailand and I believe that I could find other unique or rare items online too.”

C. Sometimes, ordering food available on online platform is cheaper than eating at a restaurant

Some of the respondents perceive that ordering food on the online platform is cheaper than to eat at a restaurant. They believe that online restaurants require lower cost in setting up comparing to the actual restaurants because online ones do not provide in-store service and it has no physical store. However, this perception only applies to the restaurants that only sell their food through the online channel.

4.2.3 Non-user respondent’s perception of online platform for food delivery service

The non-user respondents are those who have experience in traditional food delivery service (by phone) but have no experience in purchasing food delivery service through the online platform.

The non-user respondents provide their insight views which have been summarized below:

A. Online platform is too complicated for them to use

Some of the non-user respondents perceive that online platform is a very complex platform. They explained that they had no idea how online platform worked. Therefore, they had never ordered food via online platform before. Some sample respondents responded as follow.

“Computer is another world to me. I will never be able to use any service from it.

However, after the in-depth discussion, the respondents revealed that they could order food via the online platform if they had been taught how to use it. They explained more that the reason was that they had used some service on the online platform before and found it incredibly convenient.

“I like online platform even though it was very complicated at the beginning. I’ve used online banking and it’s incredibly convenient. If someone taught me how to use the online platform to order food, I think I would use the service.

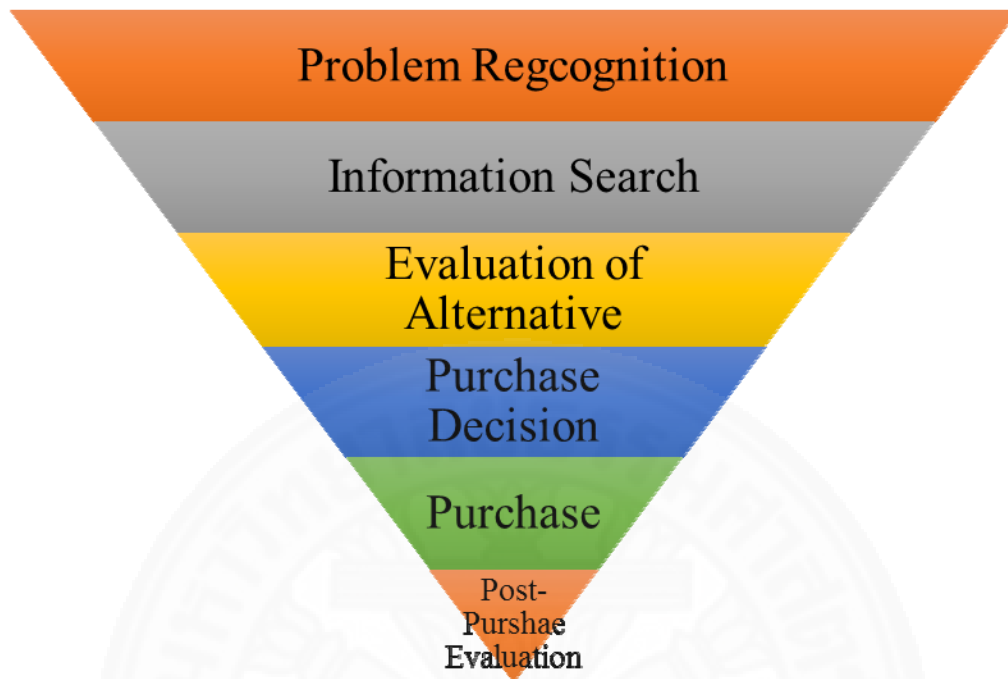
B. Ordering food via online platform has higher risk than the traditional delivery service (by phone)

The non-user respondents perceive online food delivery service to be riskier because they have no direct experience with running a restaurant since those online restaurants do not have a physical store. This perception only applies to the pure online restaurants. The respondents also perceive

4.2.4 Buying process of online food delivery service

This section summarizes key findings from the respondents in each buying process. I will show how respondents react with each process, how they pass the process and how they terminate the process.

Figure 4.1 buying decision process model



A. Problem Recognition

Time limit

The respondent explained that they would consider food delivery service was when they had limited time. They wanted the product but they did not have enough time to go out and get the product. Food delivery service can fulfil them with saving up their time. They do not have to spend time in the traffic or waiting in the queue to get the food.

*“When I have to host a party, I don’t have time to go get all the food items so, I just order it online. **Online food delivery helps me save a lot of time.**”*

Cooking issues

A lot of respondents said when they were in the office where cooking was not allowed and also when they wanted to relax at home they did not prefer to cook they would use the online food delivery service.

“When I’m at work I cannot cook so there are two choices - first is to go out and eat and the second is to order some food here.”

“Sometime when I want to just relax at home on my weekend. I don’t want to do anything so I just order delivery food to my home.”

For some respondents who love to cook, this could be the limitation to order online delivery food as well. In the interview, they said they do not usually order online food because they like to cook their own food

Area of living

Some respondents mentioned that the online food delivery service was needed in their area because there was not much food available in their area. On the other hands, the non-user respondents also mentioned that the reason why they had never used the service was because there was so much food available in their area and they did not need much effort to get the food.

B. Information Search

The process shows how the respondents receive information regarding the online food delivery service. What channels have an impact on their decision making.

Social Media

More than half of the respondents mentioned that Social media is one of the most influential channels that they can obtain the information regarding the online food delivery service. They explained that they gathered information from both the advertising posts and shared posts from friends.

“I usually receive a lot of information from the Facebook’s news feed. Sometime it was a Facebook ads and sometime it was a shared post from a friend”. Most of the respondents mentioned that the most effective channel for food is Instagram and Facebook. Only a few mentioned Twitter

Search engine

Some respondent also mentioned that they also searched for restaurants in the social media as well but only for the restaurants they were aware of. For the random restaurants or any restaurants that they do not have any idea about, they would search for them on the search engine websites.

Most of the respondents also mentioned search engine as their way to find information. However, when asking deeper questions, the respondent revealed that they only searched for the product when they know exactly what they wanted to buy. For example, if they know that they want sushi, they will go to the search engine and search directly to the sushi restaurant that provides them delivery service.

Friend referral

A referral from friends is one of the influential ways for the respondents to obtain information and it has the most impact. A lot of respondents mentioned that the reason why they tried online food delivery service is a referral from their friends.

Advertising

Advertising also makes great impacts to the respondents. More than 10 respondents mentioned that they had their first awareness about online food delivery service from advertisements. The advertising also has an impact on making first purchase - "After over 10 times that I have seen the advertisement of salmon sashimi on Facebook, I feel like it encourages me to try it." Not only the Facebook ads, TVC also has impact on creating an awareness. Three of the respondents explained that they gained an awareness about online food delivery service from watching the TVC - "I first noticed that KFC offers online food delivery service from watching their TVC."

C. Evaluation of alternative

This section will indicate how the respondents evaluate their choices, what factors of the online food delivery service has an impact on their buying process and what will encourage them to choose one product over others.

Review

Most of the internet users are familiar with the online reviews. It is the tool that helps respondents understand better about the product they will purchase in the future. The review has a lot of impacts to respondents' decision making process. Almost every respondent mentioned something about reading online review of the product before making their purchase. If a certain restaurant had too much negative feedback, it would also have negative impact on the restaurant in being terminated out of the respondents' consideration. One of the sample respondents responded that:

“Usually, before I order food from a new restaurant on the online platform, I would always read the reviews and see how people react or give a comment to their products and services. If there are too many negative comments, I won’t order the food from that restaurant.”

However, the respondents are also aware of paid reviews that could be a bias so they will evaluate it from the comments in the reviews only if they ally with the reviews. If it has to weight between the reviews and the comments, more than half of the respondents will give more weight to the comments than the reviews.

“I trust comments rather than reviews because I think the comments are results of the experience from the real consumers while the reviews could be a bias since most of the reviews are paid reviews from those particular restaurants.”

Sales promotion

Sales promotion is an endorsement for first purchase for the people who hesitate to have their first trial. Eight respondents from the interview said that they decided to do their first trial because of the sale promotion. the sale promotion helps decrease perceived risk.

“I was thinking to try the online food delivery service for a long time but have never done it before. One day, I saw that they launched a promotion so I decided to make a purchase”

But for some respondent sale promotion does not much affect their decision-making process. The respondents revealed that they would only be interested in the project that they have already had an awareness of or have an intention to buy.

Type of food

The type of food also has an effect to the buying process. There are two respondents tha mentioned that they would not buy noodle soup because they were worried about the freshness of the products. This behavior is the cause of the individual perception toward the type of the food. In some particular food, the

consumers will perceive that the quality of the food may drop during the logistic process, therefore, they would not tend to make purchase on the delivery of that particular food. They will only eat at the restaurant.

Word of month

When it comes to making a decision, every respondent has agreed that the word of mouth is the most reliable source. They perceive that the word of mouth is really from direct experience of the people who have tried the product, therefore, I have the highest weight on this comparing to other source of information. When I asked the respondents of the source they trust the most, all the respondents referred to the word of mouth.

D. Purchase Decision

Perceive risk

In a making decision process, the respondents mentioned that they evaluated the risk of purchasing the food through online platform. If the risks were acceptable, they would make a purchase. The most worrying issue about the risks is the quality of food and the payment. The respondents have explained that the quality of food depends on the logistic system. They believe that if the logistic (including packing) is good, the quality will not change much comparing to eating at a restaurant. Regarding the payment, some service providers only accept prepaid or credit card. Those respondents who do not trust the service providers will terminate the decision when the service providers only prefer prepaid or credit card payment.

Ordering process

The complexity of the ordering process also has an effect to this process. Three non-user respondents mentioned that they gave up the order because they was not able to process the order.

“I did try Foodpanda once but the ordering and registering processes were too complicated. I could not get things done so I gave up the order.”

E. Post-Purchase Evaluation

After the purchase was made and the respondent received the service, the perception of the respondents toward each brand are as follow:

Foodpanda

The users of Foodpanda perceive it as a wide variety of food. They offer the cheapest service fees and trackable logistic system *“I always use Foodpanda because it offers the cheapest fee and I can track my food. I just love it.”* but Foodpanda can also be perceived that the food they offer is only from the expensive restaurants and it has been created for expats in Bangkok or people who can afford its high price. *“The Foodpanda’s offers are expensive. I guess its target is the expats in Bangkok.”*

Foodpanda also receive a negative perception from its previous customer who has used its old system. Those respondents still perceive that Foodpanda are expensive, even though it has changed its service fees.

Lineman

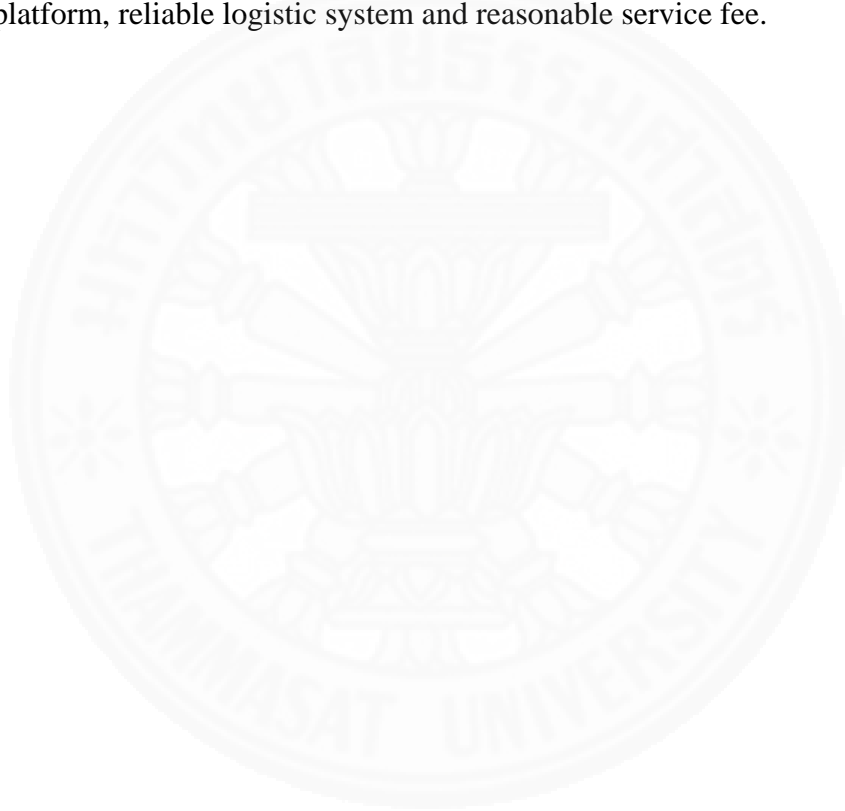
Lineman is perceived to be a very flexible and easy service provider but the service fee is perceived to be very expansive. However, the expansiveness can be compensated with its regular sale promotion. Therefore, some respondents do not perceive Lineman as an expensive service provider. Lineman system is perceived to be more user-friendly comparing to Foodpanda. The most positive perception toward the Lineman is to be time saving and effortless. *“Lineman can help me get what I need while requiring no effort and it has saved me a lot of time.”*

Referring to the logistic system of Lineman, it is said to be a bit in trouble. Three of the total respondents have had negative experience with Lineman. One of the respondent ordered cupcakes from Lineman. Upon the arrival of the products, it was a disaster. The cakes were wiped off and the Linemen took no responsibility to it. This has left an extremely negative perception to the respondent.

Fast food restaurant chains

The new online platform of fast food restaurant chains like MacDonald, KFC and The Pizza Hut are perceived to be more convenient than the traditional ordering system (by phone). The respondents prefer the new platform because it is more visualized and it is easier to manage the order. *“Ordering food online allows me to see the menu. It helps me make decision easier. This is a real convenience.”*

To summarize the re-purchase factors mentioned, the respondents prefer an easy platform, reliable logistic system and reasonable service fee.



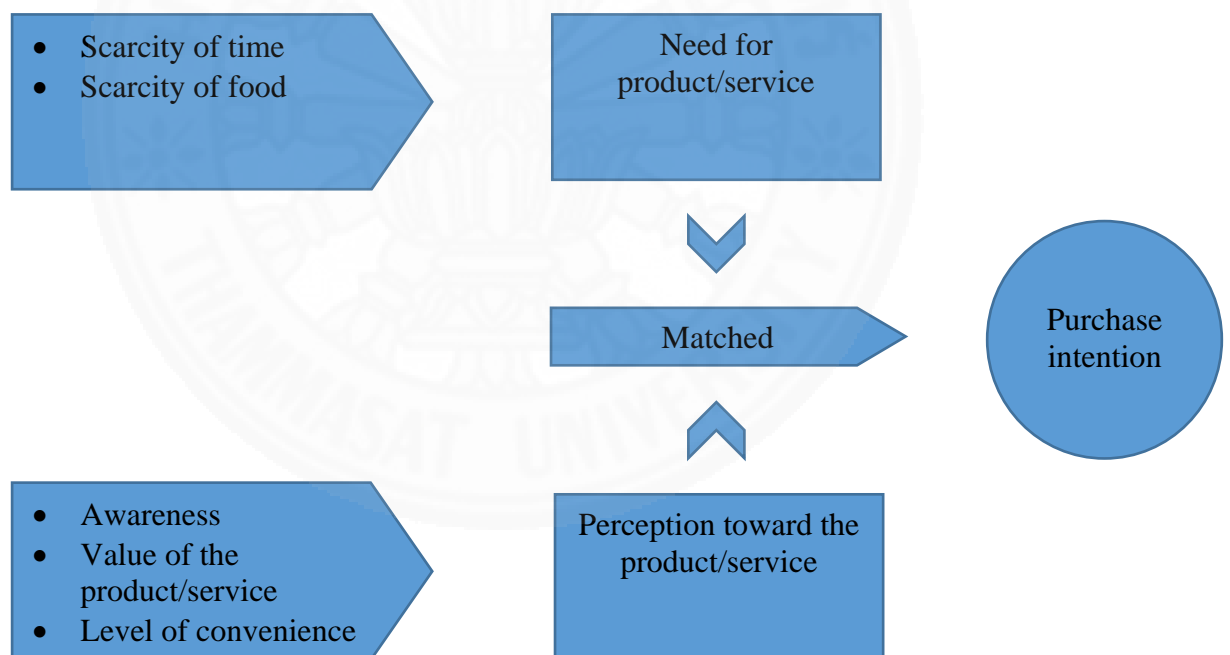
CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

The online platform has drastically changed the food delivery service industry. It has created new businesses, such as Lineman or Foodpanda. It has also helped to enhance the customer experience with traditional food delivery service companies, such as major fast food restaurant chains, thereby impacting the customer perception toward the food delivery service industry as a whole.

The findings from the research can be summarized into the model, as follows:

Figure 5.1 Online food delivery buying decision making model



This model illustrates how consumers arrive at their purchase intention. The process starts from the customers recognizing their problems, which created the need for the product/service. On another dimension, the consumers are aware of products/services currently available in the market. If the product/service matches

with the customers' needs, they will have an intention to purchase that particular product/service. Each element is explained in more details below.

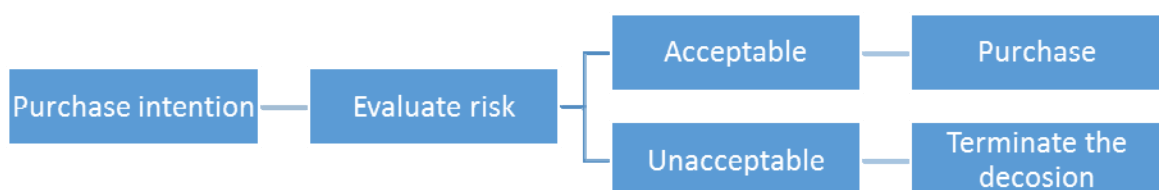
Need of the product

The need for the product/service is created when customers recognize a problem such as the difficulty in getting food (i.e., scarcity of food). This could be because where they live makes it difficult for them to get food or their situation makes them unable to get the food they want. Another type of problem is the scarcity of time. The scarcity of time does not only mean that the customers do not have time, but also mean that the customers rather spend time on something else, besides getting food. When the consumers face these problems, the need for food delivery service is created.

The perception of the product

The perception of a product/service are created from i) consumers' awareness of a product/service ii) the value of a product/service and iii) the level of convenience. The awareness of a particular product/service can be derived from a direct experience or a referred experience (e.g., by being told or by reading reviews). Secondly, the customers would evaluate the value of the product/service based on factors such as price and quality. In the case of food delivery service, the service quality would depend on how fast and reliable the service is. After evaluating the value of the product/service, the consumers will then evaluate the level of convenience of such product/service. In the case of food delivery service, customers would look for user-friendly interface and ordering process.

Figure 5.2 Online food delivery buying process model



Once the consumers have an intention to purchase, they will do a final evaluation before making an actual purchase, which is to evaluate the risks involved. If the risks are acceptable, they will make a purchase. Risk factors are highly subjective and would depend on the customers' past experiences. However, perceived risks could be lower by sales promotion, referrals from friends or close relatives and their personal direct experience.

In conclusion, there is a market for online food delivery service as consumers seek for ways to solve their problems. To be successful in the market, business owners must understand the needs of their customers and provide the services that match their needs. Sale promotions and word of mouth play significant roles in encouraging service trials.

Limitations of the study

Only qualitative research was employed in this study. Moreover, convenience sampling method was employed and data was only collected from a small number of respondents. Therefore, the results may not be able to represent the entire population of Bangkok. It is recommended that further research be conducted, such as quantitative research.

Another limitation to the research is that the research topic is a relatively new concept. There were some respondents who could not distinguish between pure online food delivery service (i.e., no physical store) and semi-online food delivery service (i.e., presence of a physical store). The confusion of the respondents could have lead to misleading answers, thereby impacting the results of the research. To overcome this problem, the researcher had explained the research objectives and defined each concept to the respondents at the start of each interview, in order to ensure that the researcher and the respondents had the same understanding.

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APPENDICES

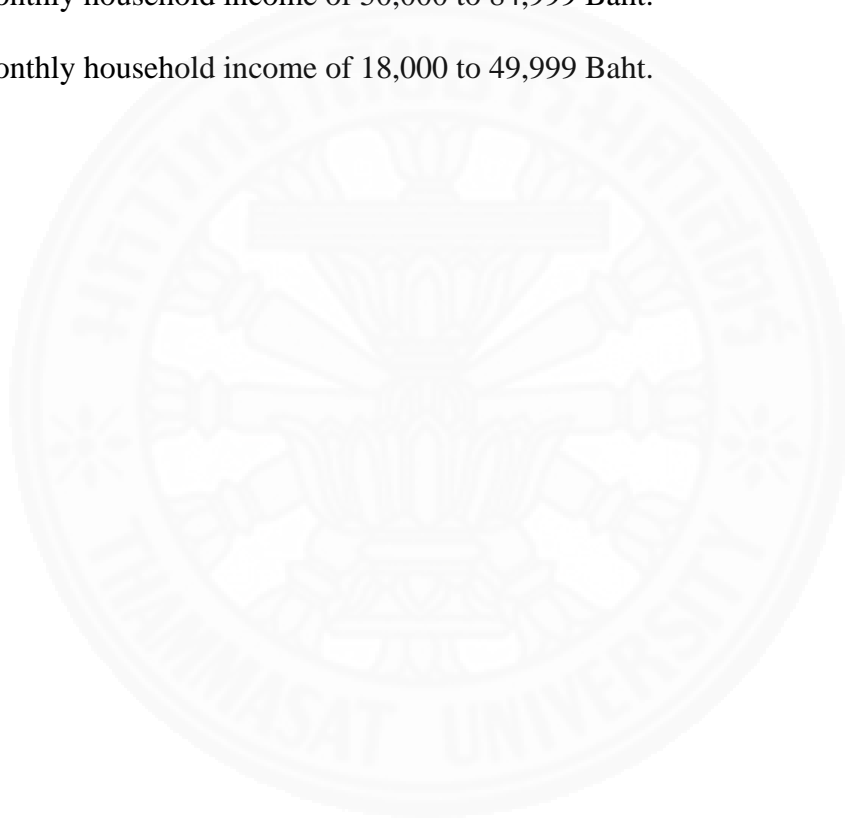


APPENDIX A

Socioeconomic Status (SES)

Socioeconomic Status (SES) by the National Statistical Office of Thailand (NSO) that will be included as part of the in-depth interviews are listed below:

- A: Monthly household income of 85,000 Baht or more.
- B: Monthly household income of 50,000 to 84,999 Baht.
- C: Monthly household income of 18,000 to 49,999 Baht.



APPENDIX B

Sample of In-Depth Interview Questions Guideline

The following are sample in-depth interview questions. During the interview, the interviewer is not obliged to follow the sample questions below, as the intention is to only provide the framework for the interview. The interviewer may explore possible insights by asking questions that aim to extract any insight from interviewees.

The expected interview length is approximately 30 – 45 minutes.

Part 1: Screening questions

- 1.1 Interviewee Introduce himself/herself?
- 1.2 What is your current age?
- 1.3 Have you had prior experience in purchasing delivery food?
- 1.4 Have you had prior experience in purchasing delivery food on the online platform?
- 1.5 In the past three months, have you ever purchased delivery food on the online platform?

Part 2: Food behavior

- 2.1 What is your monthly budget for food?
- 2.2 How much do you spend per meal in one day? Please specify each meal
- 2.3 What is the most expensive budget for one meal and on which meal?
- 2.4 Do you cook your own food? If yes, how often do you cook?
- 2.5 Do you cook only for yourself or do you cook for someone else as well?

- 2.6 What is the proportion of meals you have at home versus dining out?
- 2.7 In your opinion, what is the difference between eating at home versus dining out?
- 2.8 Do you buy takeaway meals and why?
- 2.9 What is the difference between takeaway meals and eating at the restaurant?

Part 3: Online behavior

- 3.1 What do you use the Internet for?
- 3.2 Please specify the advantages and disadvantages of the Internet?
- 3.3 How many hours do you spend on the Internet per day?
- 3.4 For what purpose, do you use the internet for and in what proportion (e.g., surfing the web, social media, etc.)
- 3.5 Which online channel do you receive information? Please specify the proportion of each channel
- 3.6 How many social media platform do you use? Which one do you use the most?
- 3.7 What are your online sources for food information?
- 3.8 What is your perception on purchasing products online?
- 3.9 Have you had experience in purchasing products online? If yes, please specify.

Part 4: Perception toward food delivery

- 4.1 What is your experience in using food delivery service?
- 4.2 What are the advantages and disadvantages of using food delivery service?
- 4.3 What is the occasion to use food delivery service?
- 4.4 Do you buy delivery food to share with others or only for yourself?
- 4.5 What is the difference between delivery food and food at the restaurants?
 - 4.5.1 Do you think the delivery service affect the quality of the food?

- 4.6 What is the difference between delivery food and take away food?
- 4.7 Are there any specific types of food you will never purchase using the delivery service? Why?
- 4.8 How much do you spend on each order of food delivery?
- 4.9 What do you think of the delivery fee for the food delivery?

Part 5: Perception toward online food delivery

- 5.1 What is the difference between the traditional food delivery service and the online food delivery service?
- 5.2 What are the advantages and disadvantages of the online food delivery service?
- 5.3 Are there any specific types of food that you will never purchase on the online platform? Is this the same to if you were to purchase on the traditional delivery service?
- 5.4 How do you perceive restaurants that operate without a physical store? Have you had prior experience purchasing from these restaurants? If yes, please walk me through your buying process.
- 5.5 How did you become aware of the online food delivery service?
- 5.6 How much do you spend on each order of online food delivery?
- 5.7 What do you think of the delivery fee for the online food delivery?

Party 6: Demographic Information

- 6.1 What is your occupation?
- 6.2 How many family members do you live with?
- 6.3 What is your personal income?

6.4 Which type of residential property do you live in?

6.5 Which area do you live in?

6.6 What is your highest education level?

6.7 What is your marital status?



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