

# A Study on Customer Perception towards Hike in Prices of Online Food Delivery Channels

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## ABSTRACT

Online Food Delivery channels have emerged in recent years which have made all the customers almost their slaves across India as most of us heavily rely upon them. At a lesser cost, these help us to order our food items with a wide variety of choice. When it comes to cost, Delivery charges play a major important factor in determining the price of different items through different online food channels. Customers as well as business houses now a days have a contemporary perception of delivery charges associated with such products and services available in the market

This research paper explains the customer perception towards their ordering capacity when delivery charges are taken into consideration by them and more often are possibly changed by these food delivery partners. To study the customer perception, a sample size of 106 respondents was chosen and the data collected from such respondents was analyzed using Cross Tabulation and Chi Square Tests. It was elucidated from the analysis that for most of the customers delivery charges influences their capacity to order and most of the times customers have changed their mind to order online food when delivery charges are considerably high.

**Keywords--** Online Food Delivery Channels, Delivery Charges, Customer Perception

the people has been taken care by hospitality industry over the time (Prajogo & Sohal, 2006). It is very frequent to find customer loyalty and customer satisfaction as prime aspects in the hospitality industry which indeed are dependent on the products and services supplied by the company meeting the expectations of the customers. Technology today is playing its key role in recreating and restructuring the food service delivery experiences. Dependency of technology has led customers to use online food delivery options to customize their meals with their preferences and get them reach their doorsteps with few clicks on mobile devices. Online food delivery services provide aids in terms of convenience, saving time and effort for the customers which is an enough reason to get used to these services. An increase in the food delivery services available to the customers and services offered have resulted in an increase in terms of customer expectations from these services. In the growing craze of being a foodie, food apps like Zomato, Swiggy, Uber Eats and various others have been ruling the market and have made possible attempts to sweep customer demand.

With the growing trend of ordering online through different food channels, the demand of such food delivery apps have enormously increased. Owing to increase in such demand, the owners of such Food Apps have also hiked their respective delivery charges on various occasions. The current need is therefore to identify the impact of such hike in delivery charges on the ordering capacity and order size by these respective customers. The choices of customers vary based upon the magnitude of such delivery charges in the present scenario. Recently an increase in the delivery charges by Swiggy saw a sharp decline in its demand.

## I. INTRODUCTION

In this emerging era of being modernized and trendy, we are proceeding towards such techniques that make our tasks accomplished in a lesser amount of time and at reasonable costs. Such is the case when it comes to satisfy our appetite.

Service sector in India is dependent on the Hospitality industry as it has emerged as one of the main industry in India in 21st century. The needs and desires of

## II. LITERATURE REVIEW

S. No.	Author & Publication	Paper Name & Year	About Paper
[1]	Ashish Raina, Varinder Singh Rana, Dr. Arun Singh Thakur [International Journal of Management, Technology and Engineering]	Popularity of Online Food Ordering and Delivery Services- A Comparative Study between Zomato, Swiggy and Uber Eats in Ludhiana [2019]	This paper aimed at studying the customer satisfaction amongst the people ordering food from Zomato, Swiggy and Uber Eats. It was revealed that a large chunk of people prefer to use Zomato as their food delivery app for ordering food online. Swiggy is ranked second. In terms of every aspect Zomato

			stands ahead of Swiggy and Uber Eats.
[2]	Dr. Neha Parashar, Ms. Sakina Ghadiyali [Amity Journal of Management]	A Study on Customer's Attitude and Perception towards Digital Food App Services [2017]	This paper studied the factors affecting the attitude of customers regarding food delivery apps and to find out the most popular food delivery app. The study found out that various factors are taken into consideration while selecting a particular food delivery app.
[3]	Jyotishman Das [Journal of Management]	Consumer Perception towards 'Online Food Ordering and Delivery Services': An Empirical Study [2018]	The purpose of this research was to know the influencing factors, perceptions, needs of different customers towards online food delivery services. It was elucidated that factors like Doorstep Delivery, Ease and Convenience and Cashbacks & Discounts played a significant role in determining customer perception for these online food delivery apps.
[4]	Dr. Mitali Gupta [International Journal of Research and Analytical Reviews]	A Study on Impact of Online Food delivery app on Restaurant Business special reference to Zomato and Swiggy [2019]	This paper aimed at studying the impact of Zomato and Swiggy on Restaurant Business and to also know the strategies of such food delivery apps.

### III. OBJECTIVE

To study the customer perception and reactions towards hike in delivery charges of online food delivery apps and channels.

### IV. SCOPE OF THE STUDY

The study aims to capture the perception and reaction of the customers towards the delivery charges charged by the available online food ordering and delivery apps. The study further analyses the reactions of the customers and their ordering capacity when the delivery charges are either hiked or decreased by these delivery partners depending on the prevalent market conditions. Based on such conditions, the findings of the study can help service providers meet customer expectations with regards to pricing decision in a better way. On the other hand, new customers of the online food ordering and delivery services can choose best out of all available options in their residential locations based upon the convenience of such delivery charges. Therefore, findings from the study can be helpful for residents as well as service providers.

### V. RESEARCH METHODOLOGY

Primary data which is the base of this study was collected in the form of questionnaires filled by random customers of online food ordering and delivery services from across different customers. The technique of Chi Square Test and Cross Tabulation was applied to study the data collected from respondents. Out of the circulated questionnaires 106 complete responses were collected from the respondents from the research area. Considering homogeneity and the small size of population, all subsets of the frame are given an equal probability and non-probability sampling (convenience sampling) method was adopted in respondent selection and data collection. Target population was a mix of students, business men, government employees with different age groups and educational qualifications.

### VI. DATA ANALYSIS AND INTERPRETATION

To understand the customer perception regarding hike in delivery charges of food delivery apps, firstly demographic characteristics of the customers were studied. They are the crucial determinants as they decide the consumption pattern and customer perception regarding these apps. To study the demographic profile, the factor of age, gender and income level of the customers is taken into consideration which is represented in the table below.

Table 1: Demographic Profile

Category		Number	Percentage (%)
AGE	Below 20 Years	21	19.8
	20-30 Years	67	63.2
	30-40 Years	13	12.3
	40-50 Years	3	2.9

	Above 50 Years	2	1.8
	<b>TOTAL</b>	<b>106</b>	<b>100</b>
<b>GENDER</b>			
	Male	38	35.9
	Female	68	64.1
	<b>TOTAL</b>	<b>106</b>	<b>100</b>
<b>MONTHLY INCOME LEVEL</b>			
	Below Rs 20,000	67	63.2
	Rs 20,000 to Rs 50,000	30	28.3
	Rs 50,000 to Rs 75,000	6	5.6
	Above Rs 75,000	3	2.9
	<b>TOTAL</b>	<b>106</b>	<b>100</b>

Source: The above data has been collected with the help of Primary Sources i.e. Questionnaire.

**Specific Information Related to Customer Perception**

The responses of the customer about their perception and the factors associated with it have been tabulated and analysed to understand their behaviour.

**STATEMENT 1: WHICH SITE DO YOU FREQUENTLY USE TO ORDER FOOD ONLINE? \* GENDER**

		GENDER		
		Male	Female	Total
WHICH SITE DO YOU FREQUENTLY USE TO ORDER FOOD ONLINE?	Zomato	31	58	89
	Swiggy	7	9	16
	Food Panda	0	1	1
Total		38	68	106

From Table 2, it is evident that majority respondents are the users of Zomato whereas a meagre portion of respondents make the use of Swiggy and Food Panda is rarely preferred. The ratio of female users is

more as compared to males when it comes to the usage of such food delivery apps.

**STATEMENT 2: HOW FREQUENTLY DO YOU ORDER FOOD THROUGH ONLINE DELIVERY CHANNELS? \* GENDER**

		GENDER		Total
		Male	Female	
HOW FREQUENTLY DO YOU ORDER FOOD THROUGH ONLINE DELIVERY CHANNELS?	In the gap of Days	9	17	26
	In the gap of Weeks	21	20	41
	In the gap of Months	8	26	34
	Do not prefer ordering from Online food delivery channels	0	5	5
Total		38	68	106

From the given Table 3, it can be elucidated that majority of the respondents prefer ordering food online in the gap of weeks followed by a close number of respondents who order in the gap of months and few respondents who order in the gap of days. However, it can be seen that a meagre number of respondents resist to

order food online. On a whole, it can be seen that females order more food online than males.

**STATEMENT 3: CONSIDERING THE PRICE FACTOR, DO YOU PLACE ORDER OF FOOD ON: \* GENDER**

**Table 4: Gender Wise Quantity of Order Placement**

Count				
		GENDER		Total
		Male	Female	
CONSIDERING THE PRICE FACTOR, DO YOU PLACE ORDER OF FOOD ON:	Single Order Requirement	31	54	85
	Bulk Order Requirement	7	14	21
Total		38	68	106

Chi Square Test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.072 <sup>a</sup>	1	.788

From the above table, it can be inferred that, most respondents place their order of food on the basis of single order and lesser number of them purchase it on bulk order requirement. From the Chi Square Table, it can be interpreted that since the obtained value is more than the significant value, therefore there is no significant

difference between gender and their order placement quantity based upon prices.

**STATEMENT 4: DO YOU PLACE RELEVANCE TO DELIVERY CHARGES WHILE ORDERING FOOD ONLINE? \* GENDER**

**Table 5: Relevance to Delivery Charges on Food Delivery Apps Gender Wise**

Count				
		GENDER		Total
		Male	Female	
DO YOU PLACE RELEVANCE TO DELIVERY CHARGES WHILE ORDERING FOOD ONLINE?	Yes	29	49	78
	No	9	19	28
Total		38	68	106

Chi Square Test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.227 <sup>a</sup>	1	.634

From the above tables, it can be inferred that maximum number of respondents particularly females place a greater relevance to delivery charges while placing their order online through food delivery apps. The Chi Square Test calculations reveal that the calculated value is more than the value of significance. Hence, there

is no significant difference between the gender and relevance of delivery charges while placing order online.

**STATEMENT 5: HAVE YOU CHANGED YOUR MIND REGARDING ORDERING ONLINE OR DO NOT WISH TO PLACE IT WHEN DELIVERY CHARGES ASSOCIATED WITH IT ARE TOO HIGH? \* GENDER**

Table 6: Change in Online Ordering Gender wise.

Count				
		GENDER		Total
		Male	Female	
HAVE YOU CHANGED YOUR MIND REGARDING	Always	8	16	24
	Most of the times	20	42	62

ORDERING ONLINE OR DO 2T WISH TO PLACE IT WHEN DELIVERY CHARGES ASSOCIATED WITH IT ARE TOO HIGH?	Never	10	10	20
Total		38	68	106

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.155 <sup>a</sup>	2	.340
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.17.			

From the above table, it is inferred that respondents have most of the times changed their mind regarding ordering food online when delivery charges are considerably high, whereas delivery charges do not matter for few respondents. The Chi Square table reveals that a value of 2.155 is indicative of the fact that there is

no significant difference between gender and online ordering preference with association to delivery charges.

**STATEMENT 6: DO YOU PREFER TO ORDER FOOD ONLINE DURING RAINY SEASON WHEN DELIVERY CHARGES ARE CONSIDERABLY HIGH? \* GENDER**

**Table 7: Online Ordering during Rainy days Gender Wise**

Count				
		GENDER		Total
		Male	Female	
DO YOU PREFER TO ORDER FOOD ONLINE DURING RAINY DAYS WHEN DELIVERY CHARGES ARE CONSIDERABLY HIGH?	Yes	15	21	36
	No	23	47	70
Total		38	68	106

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.802 <sup>a</sup>	1	.370

The above table reveals the fact that, during rainy days most respondents do not place order online when delivery charges are high. The Chi Square Test value signifies the fact that there is no significant

difference between gender and their order preference during rainy season.

**STATEMENT 7: DO HIKE IN DELIVERY CHARGES LIKELY AFFECTS YOUR CAPACITY TO ORDER? \* GENDER**

**Table 8: Effect of Hike in Delivery Charges Gender wise**

Count				
		GENDER		Total
		Male	Female	
DO HIKE IN DELIVERY CHARGES LIKELY AFFECTS YOUR CAPACITY TO ORDER?	Yes	24	50	74
	No	14	18	32
Total		38	68	106

Chi Square Test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.244 <sup>a</sup>	1	.265

The above table signifies that majority of the respondents consider the amount of delivery charges before placing their order and the Chi Square results also reveal that there is no significant difference between gender and relevance of delivery charges on order capacity.

## VII. FINDINGS

Following findings were observed from the conducted research:

1. Most of the customers prefer to order food online through Zomato and prefer a gap of weeks while ordering.
2. Majority of the customers place relevance to delivery charges while ordering food online.
3. Most of the customers tend to change their pattern and quantity of ordering when delivery charges with respect to a particular app are too high.
4. There is an agreement by most of the customers that with hike in delivery charges their capacity to order also changes.

## VIII. LIMITATIONS OF THE STUDY

1. A sample size of 106 respondents is enough to peep into the reviews and satisfaction of customer's perception but keeping in view social and cultural variations amongst the population, the results of the study cannot be generalized.
2. Variations in results may also occur because of use of Non-Probability (Convenience) Sampling instead of Random Sampling.

## IX. CONCLUSION

In a nutshell, it can be said that with the advent of modernization customers have also changed their ways of living. But still, certain customers believe in the policy of price cut i.e. the less would be the price, more they would buy. Through this research, it can be concluded that many customers tend to place a greater relevance to delivery charges while ordering their food online. It has also been elucidated above that there is no significant difference between impact of delivery charges on food ordering and gender. Though this food delivery business has grown with time, but there are certain factors that still need to be looked upon in order to captivate the attention of customers in the long run.

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