

UNIVERSITI TEKNOLOGI MARA

**A MODEL FOR SME SATISFACTION
TOWARDS ONLINE FOOD DELIVERY
SERVICE SYSTEM: A BUSINESS TO
BUSINESS PERSPECTIVE**

MOHD ANUAR BIN SULAIMAN

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ABSTRACT

A number of studies have been conducted from the perspective of customers towards Online Food Delivery (OFD) service systems and parcel-hailing (P-hailing) which refers to the delivery of food, drinks, and parcels using motorcycles, but very few studies have been done from the perspective of the Small Medium Enterprise (SMEs) of food business operators towards OFD service. Although OFD service bring benefits and motivate SMEs to outsource food delivery services, report shows the existence of dissatisfaction from the three major stakeholders of OFD service, which are consumers, SMEs, and riders. Thus, it is important to conduct a study and build a model on SMEs satisfaction towards the OFD service in Malaysia. This research aims to study the factors that contribute to SMEs satisfaction and develop a satisfaction model of SMEs towards OFD service in Malaysia. 450 questionnaires have been distributed to the owners of small and medium-sized enterprises (SMEs) in the food and beverage (F&B) sectors throughout Malaysia. Out of the 450 questionnaires distributed, 424 respondents answered the questionnaire, and 411 respondents completed the questionnaire in its entirety, which was used for data analysis. The SmartPLS package was used to test direct effects models and effects models of intermediate variables using the whole and sample samples. The overall sample refers to the total sample of the study (411 SMEs owners). The research suggested that fourteen main factors contribute to vendor satisfaction, which are service quality tangibility, service quality reliability, service quality responsiveness, service quality assurance, service quality empathy, e-quality efficiency, e-quality fulfilment, e-quality privacy, e-quality contact, increase revenue, reduce burden, cost saving, price and customer satisfaction. The study results also suggested that the five most significant factors are service quality tangibility, increased revenue, reduced burden, price and customer satisfaction. It is hoped that the study can contribute to the improvement of services provided by food delivery operators in Malaysia.

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TABLE OF CONTENTS

| | Page |
|---|-------------|
| CONFIRMATION BY PANEL OF EXAMINERS | ii |
| AUTHOR'S DECLARATION | iii |
| ABSTRACT | iv |
| ACKNOWLEDGEMENT | v |
| TABLE OF CONTENTS | vi |
| LIST OF FIGURES | xii |
| | |
| CHAPTER ONE : INTRODUCTION | 1 |
| 1.1 Introduction | 1 |
| 1.2 Background of the Study | 1 |
| 1.2.1 Development of research in OFD service | 2 |
| 1.2.2 Studies on OFD services from the perspective of small and medium-sized enterprises (SMEs) in the food and beverages industry. | 5 |
| 1.2.3 OFD service in Malaysia | 6 |
| 1.3 Statement of the problem | 8 |
| 1.3.1 A lot of issues and dissatisfaction in food delivery services. | 8 |
| 1.3.2 Level of SME's satisfaction in using food delivery services. | 9 |
| 1.3.3 Are all the stated causes of dissatisfaction truly important to food delivery service users? | 10 |
| 1.4 Research Objectives | 10 |
| 1.5 Research Question | 11 |
| 1.6 Research Hypotheses | 11 |
| 1.7 Significance of the study | 16 |
| 1.8 Scope of the Study | 17 |
| 1.9 Definition of Term | 17 |
| 1.10 Organization of chapters in the study | 19 |
| 1.11 Limitation of the study | 20 |
| 1.11.1. There is a lack of prior research studies on the topic. | 20 |
| 1.11.2. There is a lack of available and/or reliable data. | 21 |

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The Online Food Delivery (OFD) service represents a new facet within the gig economy. In this system, food ordered online undergoes preparation and subsequent delivery to the consumer. Positioned at the terminus of the food supply chain, food delivery services constitute the final stage just before the products reach customers (Ahmad Nizar & Zainal Abidin, 2021). The emergence of the OFD industry is perceived as a fresh channel within the food sector, aiming to augment sales and market shares. This development has fostered competitiveness among service providers within the OFD domain (Yusra & Agus, 2018).

In the global market, the OFD segment is projected to reach US\$323.30 billion in revenue in 2022, with an expected annual growth rate (CAGR 2022-2027) of 7.60%. This projection is anticipated to result in a market volume of US\$466.20 billion by 2027 (Statista, 2021). Meanwhile, revenue in the OFD segment for the Malaysian market is projected to reach US\$312.20 million in 2022, with an expected annual growth rate (CAGR 2022-2027) of 9.36%. This projection is anticipated to result in a market volume of US\$488.30 million by 2027 (Statista, 2022).

Due to strong revenues, the industry attracted more and more researchers to study this field. This part covered nine areas, which were the background of the study, statement of the problem, research objectives, research questions, research hypothesis, significance of the study, scope of the study, limitations of the study, and finally, the definition of terms.

1.2 Background of the Study

In the background of the study, this study discussed the development of research in OFD services, research that had been conducted from the perspective of SMEs or food and beverage operators, and provided some insight into the OFD services industry in Malaysia. This contributed to understanding the main reason why the researcher conducted this study.