

UNIVERSITI TEKNOLOGI MARA

**THE ADOPTION OF THIRD-PARTY
ONLINE FOOD DELIVERY
SERVICES BY MICRO FOOD
SERVICE BUSINESSES: AN
EXPLORATORY STUDY**

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ABSTRACT

The purpose of this study was to explore and understand the process and experiences of micro businesses concerning the adoption of third-party online food delivery (TPOFD) services. This study aimed to understand the awareness of these micro businesses and unearth the influencing factors before and during the adoption process. Ultimately, this study intends to inform non-adopters about the micro businesses' experience of adopting TPOFD services, including the benefits and challenges they experience and the strategies implemented. The study used a multiple case study approach, and ten main participants representing micro businesses that utilised TPOFD services were selected using a purposive sampling method. Data were collected through semi-structured interviews and analysed using thematic analysis. The findings revealed three stages of awareness exhibited by the participants before the adoption and multiple factors influencing their decision during the adoption process. Among the influencing factors identified were the environmental characteristics of the business, social capital, technological attributes, and individual aspects of the owners. The participants also discussed the ways in which the adoption has enhanced their competitive advantage, market reach and visibility, revenue growth, and consumer convenience. Simultaneously, they disclosed financial difficulty, operational challenges, and heightened competition as a result of the adoption. To address these challenges, they implemented an improved financial management initiative involving cash flow planning, pricing revisions, and diversification strategies. In addition, they exhibited enhanced communication, adeptly controlled costs, and consistently monitored quality to drive operational improvements. The study contributes to the literature on innovation adoption by providing insights into the unique experiences of micro businesses, a segment often overlooked in research despite its significant economic role. It also highlights practical implications, offering valuable guidance for micro businesses considering TPOFD services and suggesting strategies for overcoming operational and financial challenges during adoption.

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CHAPTER 1

INTRODUCTION

This chapter consists of five sections; the first section explains the background of the study and the problem statement. The research objectives are laid down in the third section, and the research questions proceed next. In the last section, the significance of the study from both academic and practical aspects is discussed.

1.1 Background of the Study

The food service industry is critical to Malaysia's economic development, providing Malaysians with numerous products, services, and job opportunities. In 2021, the industry employed as many as 968,717 workers and recorded a growth output of RM78.5 billion, which accounts for a significant portion of the national GDP (DOSM, 2023). It is a highly diverse industry in the sense that it encompasses a wide variety of businesses and operations that provide food and beverage services to customers, from small, independently owned roadside food stalls and food trucks to high-end restaurants that offer fine dining experiences (Barrows & Vieira, 2013; Edwards, 2013). At one end of the spectrum, small-scale roadside stalls and food trucks offer a limited menu of prepared food and beverages typically consumed on the go (Gaffar et al., 2022; Ghatak & Chatterjee, 2018; Hubbard, 2018). These businesses often have low overhead costs and rely on foot traffic and location to attract customers (Quang-Huy, 2023; Reznar et al., 2019). On the other end of the spectrum, high-end restaurants offer an elevated dining experience that often includes gourmet cuisine, fine wines, and a high level of service (Cassar et al., 2020; Parsa et al., 2020). These businesses require significant capital investment and often have high overhead costs associated with maintaining an upscale ambience, hiring skilled chefs and staff, and purchasing expensive ingredients (Hsu et al., 2018; Kiatkawsin & Sutherland, 2020; Liu et al., 2023; Uniyal & Bisui, 2021). Aside from these commercial parts of the industry, institutional food service providers like school cafeterias, hospital food service providers, and corporate dining facilities that usually serve food and beverages to large groups of people constitute the other part of this industry (Birisci & McGarvey, 2022; Connor, 2014).