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The Journal of ARSYM (JARSYM) is a refereed bi-annual journal committed to publish undergraduate research papers of the Faculty of Business Studies and Finance, Wayamba University of Sri Lanka. The JARSYM publishes theoretical and empirical papers spanning all the major research fields in business studies and finance. The aim of the JARSYM is to facilitate and encourage undergraduates by providing a platform to impart and share knowledge in the form of high quality and unique research papers.

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Online Food Delivery Services: E-Service Quality and Loyalty Intention of the Customers in Colombo District

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ABSTRACT

This study is carried out to investigate the impact of E-service quality on the loyalty intention of the customers in online food delivery services in Sri Lanka. E-service quality is a crucial factor for determining customer satisfaction, customer loyalty, and other behavioral intentions. Therefore, managers should concern about the factors affecting determining E-service quality, and accordingly, it should be delivered high-quality services for customers to keep them loyal to the organization. This study aims to determine how consumer loyalty intention affect by an evaluation of the E-service quality of online food delivery services, specifically Pick Me Food and Uber Eats services. Currently, there is intense competition in the food delivery service industry, and it has become a great challenge for organizations to build long-term relationships with their customers. Therefore, it is important to consider the quality of their service to gain a comparative advantage over competitors while maintaining a loyal relationship with their customers. To measure E-Service quality and customer loyalty, primary data was collected through a well-structured questionnaire. The questionnaire consisted of five-point Likert scaling questions and a conceptual framework was developed to investigate the impact of independent variables towards dependent variable. Literature supported to identify efficiency, system availability, fulfillment, and Privacy as the independent variables on loyalty intention. The research was carried out by using the multiple regression analysis to test the hypotheses, which measure the degree of service quality, degree of customer loyalty, and influence of independent variables towards the dependent variable. Data were collected from 384 respondents in the Colombo district using online questionnaires through the purposive sampling method. Based on the findings the study indicates implications and also recommendations to overcome them to the management of such organizations to use in decision making process. It also gives limitations of the study opening the door for further discussions by the future researchers.

Keywords: Efficiency, Fulfillment, Loyalty Intention, Privacy, System Availability

1.INTRODUCTION

Sri Lanka which has a population of 21.8 Mn, has recently graduated to a middle-income country (CBSL Annual Report, 2019). It is predominately a rural-based agricultural economy where 80% of the total population lives in rural areas. The urban population grew by 1.56 in 2018 which is significant compared to the 0.48% growth of the rural population during the same period.

This reflects that the economy is transiting from a more rural-based economy to an urbanized economy oriented around manufacturing and services. The food and beverage sector is one of the important sector of the economy due to its potential to contribute to the economy by generating foreign exchange, creating employment, contributing innovations in the food systems and uplifting especially rural economy, etc. Sri Lanka Export Development Board has identified the food beverage sector as one of the six key priority sectors and has set a target of US\$ one billion export earnings by 2025 (National Export Strategy 2020-2025, SLEDB,2019). It shows that the sector is among the fast-growing sectors of the economy and has the potential to grow even further. The manufacturing of food and beverages and related service activities have increased considerably during the past few years. It also contributes nearly 8% to the country's GDP. (CBSL Annual Report, 2019). As in the case of most of the sectors in the economy the food and beverage sector has also suffered from the Easter Sunday attack and the COVID-19 pandemic situation. With the recovery of the present unfortunate situation, it could be expected that the demand for food and beverage products would further increase. In addition, increasing per capita income of the consumer, increasing standard of living, increasing trend of urbanization, expanding middle-income class in the country, and changing and increasing consumer spending patterns will contribute positively to the future development of the sector. It is observed that the food industry has changed its focus to give more value-added services to the consumers by introducing food delivery services as well.

The development of digital technology has contributed to changes in consumer preferences as well as to give a new dimension to the food delivery industry. Especially, the new mobile application has been instrumental in shifting the food delivery service (FDS) from phone-based to online ordering systems enabling them to satisfy the changing preferences of consumers. The convenience, quickness, and accuracy are the deciding factors for customers to use the online ordering service. Hence, as elaborated in the previous literature, digital innovations including e-commerce can generate more opportunities for the business sector in both developed and developing countries by enhancing the efficiency and effectiveness of FDS.

Sri Lanka, which is a lower-middle-income country, is transiting from a predominately rural-based economy towards a more urbanized economy. On the other hand, as a result of the state initiatives to improve the access to telecommunication and digital infrastructure, as at the end of 2019, the mobile phone connections increased to 32.9mn. By end of 2019, the mobile phone penetration and internet penetration were 150.8 and 61.5 for as measured by connections per 100 persons respectively (CBSL. Annual Report 2019). These developments have created a conducive environment for the emerging food and beverage sector to add more value to their business by introducing online food delivery (OFD) service. In line with these developments, a few leading multinational and local players in the food and beverage industry of Sri Lanka have introduced the OFD service using the digital platform.

However, the success of businesses is mainly determined by the quality of online services supplied to customers (Zeithaml, 2002). This new type of

delivery business has become very popular, especially among young, busy and working people. In addition, this business has become more competitive due to the increasing new business entries and users' expectations resulting from the anxiety of online food ordering and time convenience, but also not at the expense of providing quality products and services. As a result, it is very critical that online service providers understand the nature and requirements as well as the relevant aspects of the online service industry that are considered important to the customers in this emerging market.

Presently, the popularity of OFD services in Sri Lanka is steadily growing. New service providers have entered the business to make use of this favorable market situation. At the same time expectations of the customers are also increasing. Consequently, the business has become more competitive. To face these challenges, many OFD service providers have changed their business models to suit the new business environment. However, the success of this business is mainly determined by the quality of online service supplied to customers (Zeithaml, 2002). Service quality is a crucial factor for determining customer satisfaction, customer loyalty, and other behavioral intentions. The perception of consumers towards FDS also may vary under different circumstances. This implies the need for analyzing the customers' perception of online Food delivery services to ascertain the underlying factors which influence the service quality of OFDs operating in Sri Lanka. Thus, this study was carried out to investigate the impact of service quality on the loyalty intention of the customers with special reference to online food delivery services in the Colombo district by analyzing the customers' views about service provided by two major service providers i.e., Pick Me foods and Uber Eats.

1.1. Objectives of the study

The general objective of this study is to evaluate the E-service quality of online food delivery services with special reference to Pick Me food and Uber Eats services and how that evaluation affects the loyalty intention of the customers. In addition, this study was carried out with specific objectives to identify the significant factors affecting the E-service quality perception of online food delivery service providers and examine the impact of E-service quality perception on loyalty intention of these service providers.

2. LITERATURE REVIEW

2.1 E-Service quality

Service quality is conceived as an overall evaluation that customers use to measure service. It is a key measurement criterion to assess the service (Lewis & Booms, 1983). E-service quality can be described as an assessment of web performance during the process before and after purchase. Santos (Santouridis, Trivellas & Tsimonis, 2012) argues that if the company is committed to providing good e-service quality, then they will get long-term positive benefits. Therefore, the understanding of how consumers evaluate the online services is a fundamental aspect for the manager to understand, so that the company will be able to provide maximum service. The easiness to find information about a product and comparing it with competitors caused the distinction between online and offline businesses. In the end, consumers expect online companies

to provide services that are more or equal to offline services (Santos, 2003). Because of that, the topic of e-service quality is quite often analyzed by researchers in order to help the e-commerce business. Several studies on e-service quality dimensions have been done such as e-TailQ, WebQual, E-S-Qual, and E-ResS-QUAL. Parasuraman et al. (Parasuraman, Zeithaml & Malhotra, 2005) in their comprehensive study divided the e-service quality (E-S-Qual) and service recovery (E-ResS-QUAL). Based on the dimensions formed by the Parasurama (Parasuraman, Zeithaml & Malhotra, 2005), this study will focus on discussing E-S-Qual variables in online food delivery (OFD) service because it can measure both the pre-e-service and post-e-service quality. The four aspects that compose the E-S-Qual variables are fulfillment, efficiency, system availability, and privacy. However, the researcher found that no study has been carried out previously on the quality evaluation of the online food delivery service of Sri Lanka based on the E-S-Qual applications.

2.1.1 E-S-QUAL Model

E-service quality is described as “how efficient and effective website facilities are for shopping, buying, and delivering products and services” (Zeithaml et al., 2002, p. 363). Yoo and Donthu (2001) developed the SITEQUAL because they believe that e-service quality should contain four dimensions: accessibility, memorizer handling speed, creative design, and interaction response rate. The WEBQUAL (Loiacono et al. 2002) is a scale for measuring service quality. They pointed out that e-service quality includes 12 dimensions including information adaptability, confidence, design, visual requirement, flow, business process, interaction, response time, intuition, imagination, overall communication, and replaceability. By considering above mentioned literature Parasuraman et al., (2005) introduced the E-S-QUAL model. It is divided into seven dimensions: efficiency, dependability, fulfillment, privacy, responsiveness, compensation, and contact. For instance, Parasuraman et al., (2005) split the E-S-QUAL model into two segments, namely E-S-QUAL and E-Rec S-QUAL. The first scale covers core dimensions including efficiency, system availability, fulfillment, and privacy. These dimensions are briefly discussed under the conceptual model. The second represents the recovery part of e-service quality. Which includes responsiveness, compensation, and contact. Pertaining to all the aforementioned dimensions that have been the base for several preceding studies, the author of the contemporary research has purposefully selected four dimensions that have been utilized commonly by most of the above-mentioned scholars in their studies. Accordingly, efficiency, system availability, fulfillment, and privacy are utilized by the author as the dimensions of the current study to measure and analyze the level of customer loyalty. Based on the four dimensions elaborated in the E-S-QUAL model as the measurement of the E-Service quality, four hypotheses have been formed for the study. The findings of this study are expected to be more important to the FDS industry as the dimensions adopted are in line with the E-S-Qual Model which has been universally tested in numerous preceding studies.

Moving towards the measuring of the quality of a service, it is revealed that many scholars have introduced different methods for this purpose in different time periods. Parasuraman, Lehtinen, Gronroos made significant contributions

to introducing various models for measuring service quality. SERVAQUAL model, GAP model, E- SEVAQUAL model are some examples of those models. Due to distinctive characteristics of service, the evaluation of service quality is difficult. In particular, the intangible nature of the service makes the evaluating process more difficult than the evaluating quality of tangible products. Horovitz (1986) identified three distinctive characteristics of a service. Firstly, due to simultaneous production and consumption of service, the consumer perceives all shortcomings in quality. Secondly, service cannot be separated from its provider, so the essential aspect of service quality derives from the quality of the relationship between the service provider and the consumer. Finally, service is made up of a set of benefits, but it is predominantly an “experience”.

2.2 Customer Loyalty

Researches pointed out that firms might gain more advantages from customers' loyalty. Customer loyalty is one of the major factors that affect a company's profitability and growth (Javalgi et al. 1997). Many researchers defined customer loyalty in different ways according to their perspectives. Customer loyalty is frequently examined from a behavioral point of view by measuring items such as a number of repeat purchases, “share of wallet,” and purchase frequency, according to (Egan, 2004). A frequent assumption is that loyalty translates into an indefinite number of repeat purchases from the same supplier over a specified period. According to Oliver (1999), loyalty is "a strongly held commitment to repurchase or repatronize a favored product/service consistently in the future, resulting in repetitive same-brand purchasing, despite situational variables and marketing efforts having the potential to influence switching behavior." Dick and Basu (1994) proposed that loyalty consists of both attitudinal and behavioral components and argued that it is determined by the strength of the relationship between relative attitude and repeat patronage. In general, customer loyalty is occurring when a customer repeatedly purchases goods or services over time while they are keeping favorable attitudes towards the company and its product or services. Customer loyalty is determined by both repeat purchases and the level of attachment. Behavioral, attitudinal, and composite methods are proper methodologies to measure customer loyalty. The behavioral approach of customer loyalty represents that the customer repeatedly purchases goods and services of the specific brand without any emotional attachment such as the current loyalty program of the company. The attitudinal measurement indicates that the customers' emotional or psychological attachment towards a specific product, brand, or company. But it does not always require a behavioral outcome such as repeat purchase, providing positive WOM (Word of Mouth) Communications, and recommending service to others. Meanwhile, latently loyal customers are highly related to attitude mode, although it demonstrates low repeat purchases (Myunghee 2015). Adopting the attitudinal approach, different types of loyalty such as true loyalty, latent, spurious, and low loyalty can be identified.

3.METHODOLOGY

The study was incorporated to investigate how the SERVQUAL dimensions namely efficiency, system availability, fulfillment, and privacy influence the loyalty intention of the customer in the online food delivery service industry of Sri Lanka. When measuring the quality of online FDS, emphasis should be given not only to the quality of the product they delivered but also to the quality of the related services provided via an online platform. Hence, in this study, the E-S-QUAL model (Parasuraman et al., 2005) was used. Accordingly, the study was attempted to capture consumer expectations and perceptions on online FDS along dimensions of efficiency (i.e., ease and speed of accessing and using the mobile app), system availability (i.e., correct technical functioning of the app), fulfillment (i.e. the extent to which the mobile app promises about order delivery and item availability are fulfilled), and privacy (i.e. the degree to which the mobile app is safe and protects customer information). These variables are believed to represent E-service quality thereby influencing the loyalty intention of the customer in the online food delivery service industry. Considering the literature review and the research objectives researcher built the conceptual framework as follows.

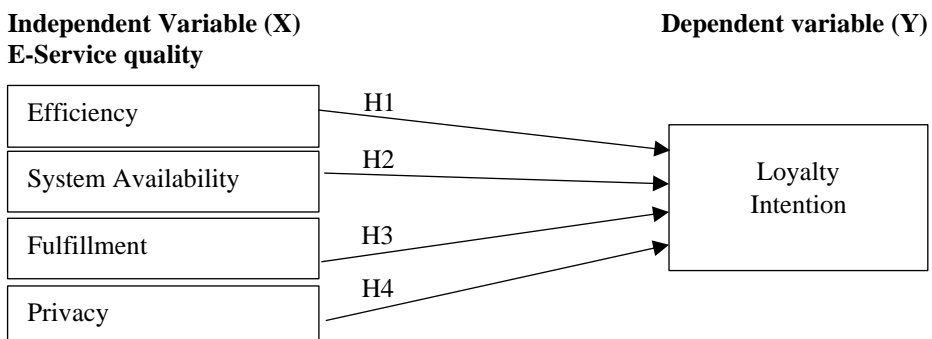


Figure 1: Conceptual Framework

Source: Researcher Developed based on Literature

Based on the literature review, the researcher hypothesized that efficiency, system availability, fulfillment, and privacy positively affect to the customer loyalty intention of online food delivery services.

The research followed a quantitative approach and incorporated a survey strategy. In this regard, a structured questionnaire with both close-ended and open-ended questions was designed. Further, a descriptive research method has also been used to guide the data collection and analysis phases of the research. Due to time limitations, this study was confined to analyzing consumer perception on two leading online food delivery service providers namely Pick-Me food and Uber Eats service and the survey was also conducted only in the Colombo district. The survey covered a sample of 384 customers who were selected using the purposive sampling method within the Colombo District. The unit of analysis was an individual and the time horizon is cross-sectional.

The questionnaire administered to collect data from the selected sample was initially prepared in English and then translated into Sinhala. It was designed in four sections to capture four different types of information namely food

delivery service behavior, respondent's demographical and household information, information on E-service quality, and loyalty intention. The questionnaire was mainly distributed among the respondents in soft copies by using the online Google Docs application. The participants' self-completed responses to the questions posed to them were measured by the Five-Point Likert scale introduced by Parasuraman et al. (2005) ensuring a higher validity & reliability. The SPSS 22.0 software package was used to analyse data. A Reliability test was also performed to ensure the reliability of responses given. Some descriptive statistical methods like Mean, Median, and Standard deviation, Correlation, and Regression analysis were used to get a better understanding of empirical data collected while findings were presented in charts and graphs wherever possible in the report to elaborate them more precisely.

4. RESULTS AND DISCUSSION

4.1 Reliability analysis

Table 1: Reliability Statistics of the Variables

Variable	No. of items	Cronbach's Alpha Benchmark value	No. of items removed
Efficiency	8	0.842 >0.700	0
System Availability	4	0.863 >0.700	0
Fulfillment	7	0.825 >0.700	0
Privacy	3	0.723 >0.700	0
Loyalty Intention	5	0.763 >0.700	0

Source: Researcher Constructed, 2021

Cronbach's Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another. According to table 1, we could observe that the Cronbach's Alpha related to all the variables considered are greater than and approximately closer to 0.7. It indicates an adequate value for the study with sound strength. Therefore, the study completes the reliability of the variables identified by the survey for further analysis.

4.2 Examining Respondent's Profile

Encouragingly, the response rate of the survey was 100% as almost all the selected customers responded to the questionnaire (384 responses). A gender analysis of the demographic data collected shows that 70% of the respondents are males. Out of the total sample, 47% are single and 53% of respondents are married. The age analysis revealed that 44% (168 respondents) of the online food delivery services users are aged between 21-30 years. This indicates that the adaptability of online food delivery service usage is higher in the younger generation compared to the old generation. The survey reflected that 53% (202 respondents) of the respondents are included in the employee category and 5.7% (22 respondents) of the respondents are occupied in other fields. According to the education level of the selected sample, the majority of respondents have obtained education up to G.C.E Advanced level. It is about 28% of the total sample. According to the income analysis carried out, the

online food delivery service is mostly used by the middle- and high-income earning category. About 33% of the sample (126 respondents) were reported that their average monthly income between LKR 40,001 - LKR 60,000 per month. In addition, when considering the family size most of the respondents were belonging to 4-6 members per family category.

4.3 Correlation Analysis

The main purpose of the correlation analysis is discovering whether there is a relationship between variables and find out the direction of the relationship. Results of the correlation analysis can be demonstrated as below.

Table 2: Descriptive Statistics, Correlations

Variable	Mean	Standard Deviation	Pearson Correlation	P Value
Efficiency	3.5856	.68635	.290	.000
System Availability	3.4538	.89054	.231	.000
Fulfillment	3.7065	.73302	.778	.000
Privacy	3.5903	.77640	.476	.000

** Correlation is significant at the 0.01 level (2-tailed)

Source: Researcher Constructed, 2021

Table 1 shows the relationship between the selected independent variables and loyalty on online food delivery services of the customers in the Colombo district in Sri Lanka.

According to the table 1 the mean value of efficiency, system availability, fulfillment, and privacy were 3.5856, 3.4538, 3.7065, and 3.5903 respectively. The standard deviation of efficiency, system availability, fulfillment, and privacy were 0.68635, 0.89054, 0.73302, and 0.77640 respectively. The lowest mean value was from system availability as 3.4538 and maximum mean value was from fulfillment as 3.7065. Therefore, system availability has the highest standard deviation and fulfillment has the lowest standard deviation.

Pearson correlation values of efficiency, system availability, fulfillment, and privacy were 0.290, 0.231, 0.778, and 0.476 respectively at 0.01 significant level. Therefore, all independent variables have positive correlation with loyalty intention on online food delivery services of customers. Efficiency, System Availability represent weak positive (Correlation Coefficients – 0.290, 0.231) correlation towards loyalty intention on E-service quality of online food delivery services. Further, Fulfillment shows a very strong positively (Correlation Coefficient – 0.778) correlated and Privacy shows a moderate positively (Correlation Coefficient – 0.476) correlated with on customer loyalty.

According to correlation analysis the significance value of all independent variables was 0.000. It means all independent variables were statistically significant variables because all p values were lower than 0.01 (At 0.01 significant level).

4.4 Multiple Regression Analysis

Multiple Regression analysis was carried out to examine the extent to which loyalty intention (dependent variable) is affected by each independent variable. The results are as below.

Table 3: Coefficients of Multiple Regression Analysis

	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	-.012	.156		-.077	.939
Efficiency	-.060	.051	-.055	-1.196	.232
System Availability	.048	.037	.057	1.289	.198
Fulfillment	.724	.035	.704	20.885	.000
Privacy	.236	.031	.243	7.604	.000

a. Dependent Var. LI

Source: Researcher Constructed, 2021

According to table 2 the factors such as Fulfillment (B = 0.704) and Privacy (B = 0.243) have a significant impact on loyalty intention. Further; the factors, Efficiency, and System Availability have an insignificant impact on loyalty intention. As per the above result, the most impacted variable is Fulfillment as it has the highest B value which is 0.724 among other variables.

The regression formula for the above table;

$$LI = -0.012 - 0.060 X_1 + 0.048 X_2 + 0.724 X_3 + 0.236 X_4 + \epsilon$$

LI - Loyalty Intention, X1 - Efficiency, X2 - System Availability, X3 - Fulfillment, X4 - Privacy

4.5 Testing of the Hypothesis

Table 4: Hypothesis Testing and Summary

Factor	Standardized Coefficients (Beta)	Significance	Hypothesis Result
Efficiency (H1)	-0.055	0.232	Not Accepted
System Availability (H2)	0.057	0.198	Not Accepted
Fulfillment (H3)	0.704	0.000	Accepted
Privacy (H4)	0.243	0.000	Accepted

Source: Researcher Constructed, 2021

5. CONCLUSION

Online food delivery industry is becoming popular in Sri Lanka so far; no effort has been made to measure the E-service quality of the technology-based food delivery services. On the other hand, with the outbreak of the pandemic, the importance of this service has increased as their existing coverage both in the number of customers and areas improved substantially. Due to this, many people got to know and use the application and they also became aware of the concept of online food delivery (Gunawardena, 2020). In line with these favorable developments expectations of the customers also went high and service providers are compelled to re-engineer their services to ensure

providing a consumer-friendly service and thereby protect customer loyalty. In this backdrop, it is important to measure the quality of the food delivery service industry in Sri Lanka and the extent of customer satisfaction towards the service provided by them. Therefore, the core objective of this study is to discuss the consumer's perception towards the OFD service of Sri Lanka and to determine the impact of E-service quality dimensions of the customer loyalty intention. This research study, used loyalty intention as dependent variable and independent variable was E-service quality. Researcher used efficiency, system availability, fulfillment, and privacy as the dimensions of independent variable based on E-S-QUAL model.

According to findings of correlation analysis all the dimensions of independent variable show a positive relationship towards loyalty intention and statistically significant variables on loyalty intention at 1% significant level. Regression analysis was the main data analysis technique and through the regression analysis the researcher found that, fulfillment, and privacy were significant variables that positively affected, on loyalty intention at 5% significant level. On the other hand, efficiency and system availability were an insignificant impact on loyalty intention.

This study consists of several limitations; mainly this study covers only a small geographical area of a country. Because at present food delivery service is in operation only in the urban areas of the country. Therefore, future studies can include several improvements in the study by adding more districts to the study. In addition, a prevailing health condition in the country and related quarantine regulations are not permitting such a survey. Hence, the study is limited to the Colombo district which includes the Western province of Sri Lanka where demand for food delivery services is higher than in other provinces. Expanding a larger sample size, selecting other groups of respondents, and using other sampling methods should be considered in order to strengthen the research model, and also better assessment results.

In addition, based on the findings, the study gives the implications of the OFD service and proposes recommendations to the management to take remedial action to address them. The E-S-QUAL model can help the company to measure its E-service quality level, and it can use the result as a baseline to drive better performance. Researcher can recommend that online food ordering service providers may consider to apply E-S-QUAL model to measure their service performance and use the data as a baseline to improve their performance in order to grow and sustain their business. Especially for marketing managers and academics, this study provides valuable insights on how to improve the E-service quality of online food delivery services and thereby creating a satisfied and loyal customer base in the long run. Based on the findings, it is recommended that to enhance the fulfillment of their services, they should display constantly updated, accurate, and easy to understand information on mobiles devices, and also provide an error-free user interface (E.g., menu design), use applications that are compatible across different devices, should provide a well-designed native mobile application, in terms of the application's appearance, layout, navigation structure, and available functions and features, so that customers can easily access and enjoy a wide range of M-delivery

(Mobile delivery) services. Finally, maintaining a high level of overall customer perceived M- delivery service quality is important. M- Delivery service companies should consider the privacy dimension as very important. They should give proper information, and promises to enhance the privacy of the service. In addition to above mention factors M- delivery companies should concern some loyalty programs to enhance customer loyalty as well. Finally, the study opens the door for future researchers to study further to fill the gaps of this study.

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