

Effect of Delivery Service on University Student's Satisfaction & Reorder Intention on Chinese Restaurants in Korea

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Abstract

This research paper examines customer intention to reorder in respect to delivery service and product satisfaction. Our research model includes delivery service, satisfaction and reorder intention. Satisfaction in this research model work as mediating variable. A survey method was adopted to collect data, collected data were analysis using SPSS to see the correlation between variables. A significant relationship was found between delivery service and reorder intention as well as moderating role was also note with satisfaction and reorder intention.

Keywords: Delivery Service, Purchase intention, reorder, Korea, China, restaurant

I. INTRODUCTION

Introduction Chinese restaurants have been one of the most popular choices of customers in Korea. Although the cuisines served by these restaurants are based on Chinese recipes and ingredients are relatively unfamiliar to Korean people. The food has been greatly modified and changed to Koreans' taste. To this reason, even though there are more than one million are Chinese immigrant in Korea (Korea immigration service, 2017), however customers are mostly Koreans in those Chinese restaurants. Chinese restaurant have been ranked as top three ethnic restaurants in South Korea. In addition, the cheap price of Chinese cuisines also has a great impact on the popularity of Chinese restaurants in South Korea. Average price of Jajagmyeon (Black-bean-sauce noodle)-a popular Chinese dish is still around \$3.00, whereas average money an individual adult spend for their lunch is around \$10.00. In addition, unlike other restaurants, Chinese restaurants implemented the delivery service since early 30s (Ryu Won-Sik 2014). To sum up, comfortable services with cheap price combined with exotic but still familiar taste attract Korean customers. Ministry of Security and Public Administration of Korea (2014) published an article stating the possibility of longevity of Chinese restaurants is 68% over next 5 years. According to Kim Byung Jo (2014), Korean restaurants ranked no. 1 with 46.39%, followed by Chinese restaurant rank 2nd place with 3.31% when considering number of restaurants(both and food and beverage service business), followed by Japanese restaurants, 1.19% (Ministry of Security and Public Administration of Korea, 2017). Chinese restaurant also reported ranked second when people go out for dining, followed by fast food restaurants. Korean food hold the first choice of having food, which is expected. When it comes to food delivery service, Chinese restaurant equally maintain their ranking. In short, Chinese restaurant was one of the most common and safe ones when operating a restaurant business in Korea (Ministry of Security and Public Administration of Korea, 2017). However, last year research shows that despite strong delivery service of Chinese food, the rate of delivery fall by 4% from 27% (2014) to 23% (2016), whereas the rate of fast food delivery service and chicken roughly stayed the same in last two years. Hence, we try to find what caused the change in customers' preference and perception towards Chinese restaurants.

1.1 Development of Chinese Restaurant in Korea

Chinese restaurants first appeared in the early 1900s in Incheon China Town. However, it was not until after liberation of Korea from Japanese Empire's takeover Chinese restaurants got popular and spread out to other cities. Until 1970's, Chinese restaurants were considered as luxurious and the cuisines served in the restaurants were made with ingredients from China. However, in 1960's, Korean government enforced a strict regulation on the food hygiene of Chinese ingredients, which made Chefs use Korean ingredients instead of imported Chinese ones. This led to all the change and the modifications of food in Chinese restaurants. Food in service became to taste more like Korean food and an even new menu with the Korean ingredients was invented. These new menus became famous to the customers and settled as the favorite demand of customers. In addition, as all the food made with local ingredients instead of imported ones, the cost of the food and overall service got cheaper than before.

In the 80's, Korean government tried to take in various cultures from other countries. In the process, many foreign ethnic food restaurants were introduced to the public and so did the Chinese restaurants. Gradually, Chinese restaurants became familiar and common in Korean food culture with cheaper cost and newly implemented delivery service with motorbikes and 150cc scooters instead of bicycles (Ryu, Won-Sik. 2014). However, not all the Chinese restaurants agreed to the change. Some owner still wanted their restaurants luxurious so Chinese restaurants split into two types. Today, there are still these luxurious Chinese restaurants with a menu more like the original Chinese food and doesn't serve the delivery service, but Korean people became so close to the cheaper and type with convenient delivery service.(so when somebody says Chinese restaurant, it usually means the latter one).

1.2 Research objectives

There are approximately 20,000 Chinese restaurants in Korea (Ministry of Security and Public Administration of Korea, 2017), yet the Chinese restaurants are the second most restaurant people visited and ordered for delivery in 2014 and 2015(Kim, Sam Hwoi 2016). In addition, even though KRBI (Korea Restaurant Business Index) of Chinese restaurant is relatively low compared to other ethnic restaurants, Ministry of Security and Public Administration of Korea announced that Chinese restaurants' business longevity over 5 years is 66%, whereas most of the restaurants are expected to be out of business in 3 years in average. For the reason for the long life of Chinese restaurant is expected to be the delivery service. In the Report of Domestic Research on Eating Out studied by Korea Agro-fisheries & Food Trade Corporation, the overall market share of the Chinese restaurants are only 5 % (still, second place following Korean restaurants), Chinese restaurants' market share of the food delivery service is 27% and 25% relatively in 2014 and 2015. Therefore, delivery service expectedly has a great proportion of the growth of the Chinese restaurants (Kim, Sam Hwoi, 2016). Our research's object is to assess the interrelated relationship among the delivery service, satisfaction, and university students' re-order intention in Chinese restaurant business in Korea.

II. LITERATURE REVIEW

2.1 Delivery service and customer satisfaction

The word service has been described differently in several literatures. Service is those, which can be separately identifiable, mostly intangible activities. MengandElliott(2008) suggested that customers of luxury restaurant expect high quality service from their employees. Delivering top quality service is crucial for the success of firms so that they can exist and develop stronger competitiveness. The food industry was no exceptional to this to either increase competition or customer need for high quality service (Sulek& Hensley, 2004; Chow et al., 2007). According to Kivela et al. (1999, 2000), customer not only evaluate the quality of food but also the service quality of the restaurant. Few earlier

studied also demonstrated that service quality get priority over food quality in dining satisfaction. Study conducted by Yuksel and Yusel(2002) explained that service quality play vital role on dining satisfaction.

According to Oliver (1994, 1997), customer satisfaction greatly related to purchase and post purchase attitude service behavior. Cronin & Taylor, (1992) suggested that customer satisfaction is judge based on consumer service they received. Anderson (1994) asserts in his paper that higher customer satisfaction should lead to lower costs of transaction in the future. Delivery culture has long been an integral aspect of the everyday life of Koreans, for which a vast array of products and services only need a simple phone call or internet transaction. For office employee, who rush off to work in the morning take advantage of breakfast delivery services, which offer morning meal, juice, fruit, yogurt, etc? Food delivery service is going rapidly in South Korea due to alone-eating trend and increasing number of single household. Beside this changes in local eating habits, awareness about the product and competition have encourage restaurants to improve their service offering. Hence, it is important to explore this sector in terms of delivery service as well as satisfaction and reorder intention. The core aims of this research to identify the importance of delivery service on reorder intention in Korean context.

2.2 Reordering intention

In the restaurant business, service quality play very critical role and it has been found that better service influence both customer satisfaction and return intention (Qu, 1997). According to Hong Su-Nam (2014), repurchase intention means a customer's willingness to consume in future. Repurchasing intention is a positive indicator of customer satisfaction. Customer will not intend to reorder if they are not satisfied with the service. Therefore, higher satisfaction on service raises repurchasing intention. If a consumer is satisfied with a product or service, the consumer may habitually repurchase the same product or service. This behavior is called repetitive purchase intention. Earlier research also, demonstrated a link between customer satisfaction and repeat purchasing is an important contributor to a restaurant's profits. The satisfied consumers are more likely to repeat the repurchase than the unsatisfied consumers are, and the attitude of these consumers affects the repetitive purchasing. (SeoPil-Seon, 2015). Other study also revealed that perceive service quality influenced customer satisfaction through emotion.

Based on the literature review, this study investigated the relationship of delivery service, satisfaction and reorder intention of Chinese food in South Korea. Hence, the following hypotheses have been developed:

- H1: Delivery service has a significant, positive relationship with reordering intention.
- H2: Delivery service has a significant, positive relationship with satisfaction.
- H3: Customer's satisfaction has a significant positive relationship with reordering intention



Fig.1. Conceptual Model

III. METHODOLOGY

The survey technique was used for data collection. A questionnaire consisting of three parts was developed for this study. The first part was designed to identify the customers' perception towards the importance of delivery service. One item question was about the gender and five other questions were developed to gather information about convenience, price, speed/time, and packaging of delivery service. Part two was designed to collect data on customer satisfaction. Three item questions were adapted from previous literature (Kim et al, 2013), however, we have modified few words in order to fit into our research requirement. Respondent were asked to report on a five-point Likert-type scale, with 1=Not Satisfied; 2=Somewhat Satisfied; 3=Fairly Satisfied; 4=Very Satisfied; 5=Extremely Satisfied.

Finally, part three was designed to collect information about customers' perception towards reordering intention. Three items questions were also adapted from previous mentioned literature (Kim et al, 2013). For this part respondents were asked to indicate how likely they would reorder delivery on a scale of 1 to 5, with 1=Not Likely; 2=Somewhat Likely; 3=Fairly Likely; 4=Very Likely; 5=Extremely Likely.

3.1 Sampling

The target population of this study was university students in Korea. A convenience sampling method was used. All respondents were either undergraduate or graduate students in our researchers. Approximately, 190 respondents were contacted and all completed questionnaires were returned beside 9 respondents, representing a respondent rate was 95.2%, however, after reviewing their answers, 157 respondents were qualified for this research. The respondents consisted of 53.5% of males (n=84) and 46.5% of females (n=73) which demonstrates a fair mixture of gender. Participants were also from different age groups. Overall, the research sample indicate a blend of students with broad demographic background.

IV. RESULT

A factor analysis was performed to check the internal consistency of the measurement scale. Varimax rotation was employed on 11 items question, excluding demographic questions (Table-1). Since a value of .70 or higher is considered acceptable in social science (Nunnally & Bernstein, 1994). A factor loading cut-off of 0.7 was adopted in the factor analysis. Hence, 2 items (timeline & Price) have been deleted from the correlation test. The Cronbach's Alpha values of the three factors ranged from 0.81 to 0.89 (Table 1).

Table - 1: Results of Factor Analysis for perceived delivery service, satisfaction and reorder intention

Constructs		Factor loading	Cronbach's α	Composite reliabilities	AVE
Delivery Service	The accessibility of delivery service is important.	.818			
	The packaging of delivery service is important	.865	.87	.88	.53
Satisfaction	I feel satisfied after dining at Chinese restaurants.	.847			
	I am pleased to have visited Chinese restaurants.	.743	.81	.76	.71
	I really enjoy the food in Chinese restaurants.	.750			
Reorder Intentions	I intend to reorder Chinese restaurants in the near future.	.846			
	It is very likely that I will reorder Chinese restaurants.	.876	.89	.83	.75
	I would like to reorder Chinese restaurants more often.	.806			

All items are rated on a five-point scale.

AVE, Average variance extracted.

Descriptive statistics (Mean and standard deviation) were conducted first in order to gain the general characteristics of young customers' perception on Chinese restaurant delivery service (Table 2). Furthermore, a correlation among dependent and independent variables were performed. Results of the correlation showed that there is a significant

positive relationship with customer satisfaction and perceived Chinese restaurant delivery services ($r=.49$, $p<.01$). Hence, the hypothesis H1 has been satisfied. Looking on the customer reorder intentions ($r=.39$, $p<.01$), a significant positive relationship with perceived Chinese restaurant delivery service have been found, which was our H2 hypothesis. Apart from those tested H1 & H2 hypotheses, reorder intentions ($r=.63$, $p<.05$) have shown significant relationship with satisfaction at a level of $p<.05$. Hence hypothesis H3 was also satisfied.

[Table 2] Means, Standard Deviations, and correlations among variables

	Mean	SD	1	2	3
1. Perceived Chinese restaurant delivery service	4.28	.61	-	-	
2. Satisfaction	3.93	.73	.49**	-	
3. Reorder intentions	4.11	.76	.39**	.63*	-

SD, Standard Deviation

** $p<0.01$.

* $p < .05$

V. DISCUSSION

This research paper was developed to undermine the true impact of delivery service on restaurant business. Adding three important variables (delivery service, satisfaction & reorder intention) into this research we managed to understand the relationship between perceive delivery service and perceive reorder intentions. It is also important to note that limited number of research have been done considering these variables on South Korean context despite growing number of people eating outside. We found that better delivery service increases customers' satisfaction which lead to increase reorder intention.

This study tried to find how young people, mainly in the age of 20s, think about the delivery service of Chinese restaurants in Korea, and whether the satisfaction leads to the re-order intention of the restaurants. To find out the relationship, we took 3 factors from 12 delivery quality attributes, including F1: Perception on the Food Delivery Service; F2: Overall Satisfaction; F3: Reorder Intention.

As the results turned out, it is likely to be said that delivery service have a significant impact and also have positive influence on both satisfaction and reorder intentions. An interesting part that was figured out in the research is that unlikely to the expectations, the timeliness of delivery service and the minimum available price of delivery were turned out to be not significant factors in delivery service, thus were deleted from the final analysis. This indicates that young people prefer to bear the time of the waiting the food to come than the burdensome activity of going out their place and have meals. In addition, people are ready to pay for extra money to order meals due if they can save the time and energy to go to the actual restaurant.

5.1 Limitations

Unlike other research papers, this research also not out of limitation. This study was conducted with short allocation of time and a sample size of 157 was used. Which is comparative low, however the sample are carefully collected and widely distributed in terms of demographic variable. Larger number of sample size could have bring much more comprehensive understand about the population. Also, it would have been better if more questions were added in the survey for further details and specifications. Even though most of the Chinese restaurants in Korea are implementing delivery service, surely there are restaurants in the same business without this distinctive service to avoid the extra employment of the delivery employees. In this research, those kind's competitive advantage to compete for the convenient delivery service were not considered, so this may be studied in the future, comparing the two types business strategies.

VI. CONCLUSIONS

This research paper extends our understanding mechanism of creating customer reorder intention in restaurant industry. The delivery service and customer satisfaction are proven to be the key decisive factors of reorder intention in our study. Customer satisfaction play as mediating role in reorder intention in our study. It is quite understandable why there is a positive signification relation between customer satisfaction and reorder intention because if customer is not satisfy they would reorder in future.

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