



# Food Delivery and Ordering: A Qualitative Perspective

## MKTG 450

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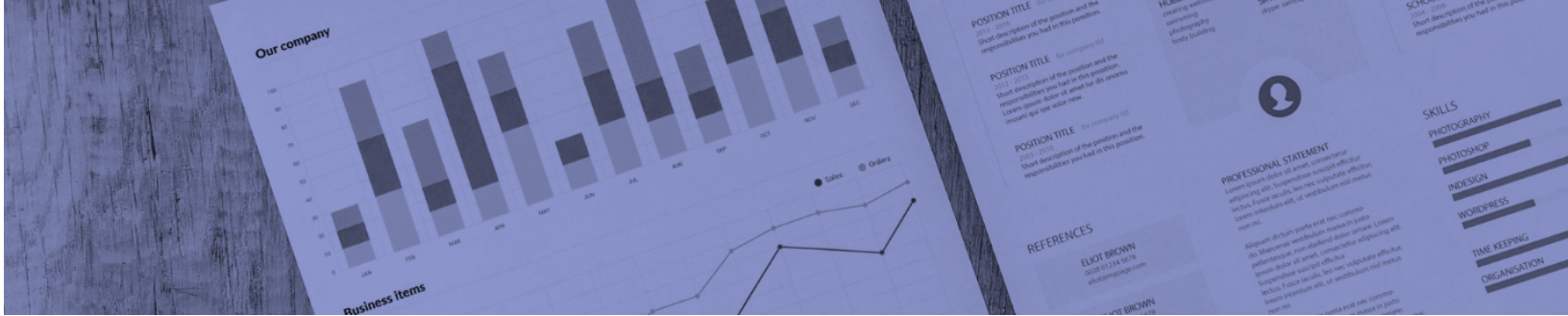


## Executive Summary

In our qualitative research project, the objective was to gain insight into Gen Z consumer behavior and attitudes surrounding mobile ordering apps. Due to the global pandemic and projected recession, consumers are highly price sensitive due to economic uncertainty but prefer online ordering options to in person. Specifically, Generation Z has embraced mobile ordering platforms that offer exclusive deals and customized experiences based on personal preference.

Through qualitative research, we analyzed these trends through conducting a focus group and 15 observational interviews. By observing a group of four undergraduate college students complete the mobile ordering process and by prompting reflection after completing the purchase, we determined that social pressure, attribute relevance, and involvement highly influenced their decisions. When ordering in a group, the experience is high experiential. The observational interviews corroborated these findings by emphasizing Gen Z's preference for restaurant specific platforms due to price sensitivity and consumer hyperchoice.

Based on these findings, mobile ordering apps will highly benefit from the implementation of rewards programs, group exclusive discounts, and a clear user interface with informative graphics. By implementing these recommendations, mobile ordering apps like DubGrub can align with Gen Z's values and preferences.



## Secondary Research

When collecting secondary research regarding Generation Z's online food ordering behavior, it is important to identify common preferences and the decision-making process of individuals using food ordering apps. These preferences influenced the focus of the primary research conducted later in the report.

## Market Trends

Using a top-down approach, it is important to first analyze the general purchasing trends and recent events that have impacted these behaviors. According to Mintel, the Federal Reserve is continuing to increase interest rates in 2023, leading consumers to cut back dining out and leisure activities while switching to lower priced retailers (Smith). The projected recession has increased consumers' price sensitivity, specifically in the lower-income bracket where most Gen Z consumers reside. Consumers are still spending money; they are just more conscious of where they are spending it. The global pandemic shifted shopping behavior online, and Mintel reports that nearly half of adults are shopping online more in 2023 despite relaxed regulations (Smith). This indicates that mobile ordering will continue to grow and should be invested in across industries.

In terms of food service, alternative methods of ordering food have become preferred over in person interactions. According to Statista, 36% of participants preferred ordering via phone call when eating at quick service restaurants compared to 20% who preferred ordering in person. Online ordering accounted for 35% of participants, with 16% preferring the restaurant's

website, 13% preferring the restaurant’s app, and 6% preferring a third-party app such as DoorDash (“Leading quick service”). In the past three months, Mintel found that 62% of consumers used online ordering services, revealing a large demand for these platforms (Varchasvi).

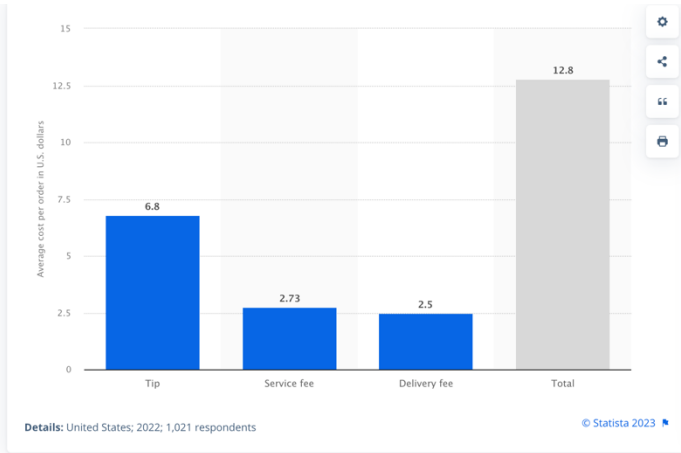
While there is a clear demand for online ordering options in the food service industry, consumers expect seamless platforms with exclusive offers. Consumers expect personalized and exclusive dining experiences when ordering online, with 40% of respondents agreeing restaurants should offer delivery/takeout exclusive deals (Varchasvi).

Generation Z

When analyzing Gen Z, it was found that they prefer to spend at a minimal cost. *The Gen Z Food Consumer* states that “Gen Zs were forced to come of age in uncertain times, facing pandemic-related disruptions during the final stages of childhood and the first of adulthood, followed by record inflation” (Lal). Their high price sensitivity could be attributed to 39% of Gen Z choosing direct ordering apps compared to 13% choosing third party apps (Lal). In Figure 1, it is clear that third party apps typically have hidden fees that average 12.8% of a food order, and directly ordering from restaurants is a

solution to bypass these additional costs (“Average hidden cost”). Gen Z also orders in groups to reduce additional fees when using third party apps. This research suggests that apps like DoorDash and UberEats, whose

Figure 1



business model relies on third party ordering, will have to fight to retain market share as more restaurants develop direct mobile ordering solutions.

With Gen Z having a low-cost preference, it is important for companies to understand how to transmit the message to audiences. A study performed by Thomas Mueller and Greg Perreault identifies the dimensions that increase online user engagement for food ordering apps. “When Gen Z consumers engage food related apps, recent studies indicate a desire for discounting, multiple payment options, and discounting as a promotional tool” (Mueller and Perreault). Incentives, discounts, and promotional offers lead to higher consumer involvement.

Mueller’s and Perreault’s research also highlights important dimensions of how likely a Gen Z consumer will return to the app for future purchases. The top three factors with the highest ranking are customization, information security, and ease of use (Mueller and Perreault). Customization allows consumers to tailor their orders to their specific taste without face-to-face interaction. The study highlights comment sections for special requests and checkboxes for ingredients as popular methods to appease the younger generation. Information security refers to data management and cyber security, specifically protecting credit card information and passwords. Ease of use focuses on the user interface of mobile ordering applications and the speed at which consumers can navigate through the purchasing process.



## Qualitative Research

Our secondary research suggests that Gen Z consumers are price sensitive due to financial uncertainty from the global pandemic and projected recession. These factors push consumers to search for exclusive deals on increasingly popular mobile ordering apps. The following qualitative studies were conducted to determine why Gen Z customers order in this way and how consumer behavior shifts when ordering with a group or for an individual.

### Focus Group

We conducted a focus group with four undergraduate college students to observe purchasing behavior in a group setting. They were given the prompt: “Among your group, put in a mobile order with an average budget of \$20 per person, including tax and fees (but not tip).” The group was observed as they placed an order using their mobile devices, beginning with their decision on which app to use through completing the payment process.

The group began by discussing the ordering apps they had downloaded on their mobile devices, with all of them owning at least one app (i.e. DoorDash or Uber Eats). The participants selected DoorDash to place their order since most of the group had it downloaded. Offering services from hundreds of restaurants, DoorDash posed the threat of consumer hyperchoice. The group spent over 13 minutes deciding which restaurant to order from, with the cuisine filters and popular restaurant tab further complicating the decision. Once deciding on Chick Fil A, the participants used the “Group Ordering” function to separate add their orders to one

receipt. The study concluded once the participants used Venmo to reimburse the individual who paid for the order. In total, the ordering process took about 44 minutes to complete.

After the focus group was conducted, the group members were asked a series of questions about their prior experience with food ordering apps and their experience within the focus group. Although all individuals had prior experience with these apps, some shared that they typically order by themselves out of convenience, while others only order if someone else suggests it in a group setting. Ultimately, the group declared that they ordered Chick Fil A since the menu appealed to all of them and that they could split the delivery fees. Everyone appeared to be satisfied with the purchase during the ordering process.

Considering the team's ultimate purchasing decision, we must consider factors such as social pressure, attribute relevance, and involvement.

Social pressures influenced the restaurant choice in order to maximize group satisfaction. Although it was not verbally discussed, the group valued variety as they suggested third party ordering apps that had several restaurant options instead of restaurant-specific apps and websites. The Theory of Reasoned Action explains this behavior, as there were many social pressures to determine a restaurant that would fit everyone's preferences. With Chick Fil A, two participants agreed that they wanted to order chicken sandwiches, influencing the other two participants to conform to the majority.

Attribute relevance also contributed to the decision. For example, two participants had peanut allergies, which prevented the group from ordering Thai food. One participant expressing dissatisfaction towards a restaurant would end the discussion, and the group would entertain a new option. After completing the ordering process, the group was asked what other

attributes were important when placing the order. They responded that they placed a high value on delivery time, discounts, and crave-ability. However, the group disregarded many attributes they thought were important such as discounts and delivery time.

It was originally recognized that the ordering process was high involvement since participants had to be very cognitively engaged by considering relevant attributes. However, it is notable that the ordering process should be described as experiential for the group as they based their decision off emotional craving and placed their purchase with disregard to the attributes they thought were important to them. It was not until after splitting the bill and reviewing their individual order costs that all participants cognitively reflected on their purchase. They seemed weary and slightly dissatisfied with the upcharge due to high fees and an added tip.

### Observational Interviews

In the observational interviews, 15 undergraduate college students were given the same prompt to gauge preferences on mobile ordering apps in an individual setting. After completing the mobile ordering process, the participants were asked a series of questions to gain further insight into Gen Z's mobile ordering preferences (see Appendix).

Multiple participants agreed that they typically avoid third party delivery apps due to excessive fees. Since the prompt did not specify whether a participant had to use a restaurant's platform or a third-party app, many opted to order directly from the restaurant. However, this only applied to large chains such as Chipotle or Starbucks. When ordering from local businesses with smaller online presences, participants used third party platforms. Constructive processing was involved since these participants had to decide whether it was worth using



websites and apps with a difficult user interface and save money or place an order with ease on a third-party app and incur additional fees.

Multiple participants stated that they never use ordering apps alone and instead prefer to order in a group setting. These consumers often cited additional fees as their reason for avoiding mobile ordering. Group ordering addresses this concern since delivery fees can be split amongst a greater number of people, and participants sometimes place pick-up orders to save on delivery costs and to improve the quality of their food. Consumers who typically order alone acknowledged that their meal was overpriced, but they valued convenience over the fees.

An aspect many participants enjoyed was how apps include promotions and deals that are unavailable when ordering in person. Uber Eats was cited as the best third-party app for promotions. Participants stated that Uber Eats placed restaurants in categories such as “Buy One Get One” and “Today’s Offer” to convert price sensitive consumers.

Since delivery apps have hundreds of restaurants that range from small businesses to franchises, there are instances where individuals are overwhelmed by options. One participant decided to no longer place an order because there was an overload in information. This is known as consumer hyperchoice. Conversely, a few participants were able to complete the decision-making process in approximately two minutes because they had a clear understanding of what they wanted at the time.

This was a low involvement decision because there was minimal thought and effort, as this purchase wouldn’t have had a huge impact on the consumer’s lifestyle. When ordering alone, individuals also have a low “mental budget” because they want the convenience of quick service while simultaneously not dedicating much time into the purchasing decision.



## Recommendations

Based on our research, we recommend that DubGrub implements a rewards program, offers group exclusive promotions, and design a clear user interface for their app.

When designing a rewards program, DubGrub can capitalize on the Endowed Progress Effect. As an example, programs like Starbucks Rewards allow users to collect Stars to receive free food and beverages. Continued purchasing is encouraged so the consumers can reach the next benchmark and cash in their Stars. Chick Fil A has a similar system where consumers are gifted one point per dollar spent. DubGrub could implement a point system like Chick Fil A's where students can redeem a free entrée once they accrue enough points.

Group exclusives can help convert students who only use mobile ordering apps in group settings. DubGrub can offer group ordering discounts to attract reluctant consumers while catering to the price sensitivity of Gen Z. Additionally, group ordering encourages more purchases than individual ordering. This could expose DubGrub to a larger portion of their target market and increase traffic on their app. One way to implement this could be a promotion for a free, shareable side (e.g. tater tots or French fries) with a purchase of three or more entrees.

Finally, a clear user interface with informative pictures will help DubGrub increase their customer satisfaction. Results from the focus group and observational interviews revealed that images helped participants lessen the burden of hyperchoice when placing their order. High quality images will allow consumers to immerse in the experiential process and create a sense

of craveability that can encourage them to complete their purchase. High quality images help immerse consumers in experiential decisions, which is what focus group participants experienced. DoorDash and Uber Eats have images for most restaurants on their platforms, making it a great example for DubGrub. Not only are the images high quality, but they also clearly display ingredients used in each menu item and provide detailed descriptions as well.

By implementing these recommendations, mobile ordering apps like DubGrub can better align with Gen Z's preferences, increase sales, and boost customer satisfaction and loyalty.

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## Appendix

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### **Observational Interviews: Question List**

What was your experience with delivery apps before this experience?

How often, which ones do you use, and what incentives you?

When ordering food online, do you typically order by yourself or with a group?

How well do you think this order matched your food preferences?

Do you think this order was worth your money?

Why did you choose to order through the app you chose?

Was there anything difficult with ordering online? Any difficulties with this app?

Have you previously eaten at the place you have chosen?

What was the ultimate deciding factor?

What options did you wish the app you used had?