

# Research on the Influencing Factors of Vietnamese O2O Takeaway Consumers' Repurchase Intention

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## Abstract

Facts have indicated that Takeaway delivery service via automatic applications in Vietnam has been developed rapidly; however, the Vietnamese market of this service is limited and exists a range of risks. Going with the growth of Internet Plus, O2O Takeaway delivery service is seen as an effective shopping channel because of its convenience, affordable fee, secured information and safe services, which satisfies the intention and a huge demand of Vietnamese consumer, especially citizens living in big cities. Therefore, market of O2O takeaway service is increasingly developed, attracting many consumers. This leads to both opportunities and challenges for this market. According to the report of E-ECONOMY SEA (2019), the market of O2O takeaway increased just 2 times in the period time of four years from 2016 to 2019 in Vietnam. Based on the previous researches of both Vietnamese and foreign author, the purpose of this paper is to determine factors influencing on loyalty, intention and re-using O2O takeaway delivery service via digital application of Vietnamese consumer. Thanks to this, this paper will come up with the solutions to improve and develop the service quality of O2O takeaway service in Vietnamese market. Besides, based on the current development of Takeaway food delivery service on mobile applications in Vietnam, this study also points out the factors affecting the growth of this market such as: Buying Intention; Expectation Confirmation; Platform Information Quality; Platform System Quality; Platform Service Quality Business Service Quality; Perceived Value Advantage; Perceived Convenience; Perceived Risk; Perceived Cost; Habit; Subjective Norms; Conversion Cost. As a good result, future studies and proposed researches will become reliable references for the development of Takeaway food delivery service on mobile applications in Vietnam.

## Keywords

Vietnamese O2O; Takeaway Delivery Service; Service Quality of O2O Takeaway; Solution.

## 1. Introduction

Currently, the rapid domination of all economic sectors by the Internet and the development of 4.0 technology has facilitated the sharing of resources globally, thanks to the direct sharing of resources. One of the largest service industries in the world is making great strides in the development of the Takeaway food delivery service industry on O2O mobile applications. From previous years, in order to keep up with the economic development of the times during the regular meeting of the Government of Vietnam in 2018, Prime Minister Nguyen Xuan Phuc signed Resolution No. 13/NQ-CP establishing the Ministry of Planning and Investment. Planning and Investment in Vietnam to develop the e-commerce industry. In the resolution, the Vietnamese Government gave guidelines for the development of the e-commerce industry, and at the same time agreed to promote a new business model O2O in the fledgling period to gradually replace the traditional models. traditional business practices. Also in this session, Deputy Prime Minister Vuong Dinh Hue was appointed to guide the development of the project. From 2020, the business trend of O2O model (Online to Offline) is considered an optimal solution. helping F&B businesses (Food and Beverage Service) improve their revenue amid

difficulties caused by COVID-19. By taking advantage of the traditional buying and selling platform combined with the online shopping service, thanks to which a number of businesses have had outstanding success and saved the service industry in Vietnam from the risk of a serious crisis after more than 1 year. According to research by Euromonitor, the food delivery market in Vietnam is forecast to grow to \$38 million in 2020 and will increase to \$45 million in 2021. And also, according to this study in Vietnam, 3/4 of respondents said that they like Takeaway food delivery service on O2O mobile application and are ready to use this service to order Hay food at the conference. O2O customer experience journey in retail and F&B” organized by the business consulting unit Babuki Consulting Firm, the story of applying the O2O model with chain stores in the F&B industry once again became a topic of discussion. attractive argument. The event had the participation of many founders and CEOs of technology applications that support O2O customer experience in the chain of stores in the F&B industry such as Mr. Do Trung Thong (CEO Palexy), Tran Duc Tinh (CEO of Bach Viet Holdings)), Nguyen Huu Dong (CEO of KAS), Ngo Anh Ngoc (CEO of Babuki), .... During the conference the vast majority of CEOs agreed that: “Currently, big brand chains also need to be compatible. together to share business space. Thereby, businesses can optimize, streamline investment, increase revenue and develop O2O model in the food delivery service industry on mobile applications to become a profitable business channel for the industry. F&B”. In particular, CEO Bakuki assessed: "If the O2O model in 2020 in Vietnam is in the early stages of development, 2021 promises to grow strongly."

In addition, in recent years, researches on O2O models in the Takeaway food delivery service industry on mobile applications in Vietnam and abroad have continuously increased rapidly, especially during the outbreak of the Covid-19 epidemic. development, but there is still a lack of specific assessments on the factors that affect the retention of customers to continue using the service, which is very important to make a difference, increase competitiveness and maintain customer loyalty. future development of the business. On that basis, from the perspective of consumers who have used mobile applications to order food services, this article will focus on clarifying a number of contents:

- (1) Meaning and natural patterns O2O rescue;
- (2) Summary of research related to repurchase intention;
- (3) Results and limitations of factors affecting the intention to continue buying of Takeaway food delivery consumers on O2O mobile applications in Vietnam;
- (4) Give suggestions and future prospects.

## 2. O2O Research Model

### 2.1. Concept of the O2O Model

The rapid development of technology and the rapid domination of the Internet have spurred changes in the lifestyles of consumers. E-commerce consumption models gradually gain the love of consumers. Initially, e-commerce consumption models mainly include B2B (Business To Business) and B2C (Business To Customer), C2C (Customer To Customer), but after the Internet entered the 4.0 technology era, allowing consumers to switch from offline payment to online payment, a new e-commerce model has gradually formed. - O2O (Online-To-Offline) business model.

O2O (Online - To - Offline) is a business model in which the company will attract potential customers from online channels to physical stores. Commerce in the form of O2O is a retail business model that combines both Online and Offline forms. This is a model where businesses will use online tools to reach and influence customers' shopping behavior to increase revenue.

Commerce under the O2O model brings customers but values such as: providing services to increase points or reduce prices for customers to come to the store. In addition, giving customers convenience and saving time. At the same time, it also brings businesses profits from a large number of customers, increasing customers for stores and increasing sales opportunities.

In recent years, the types of O2O e-commerce models have continued to develop, leading to the initial definition of O2O model being expanded to include not only the original model of “online-offline” but also further development. types of “offline-online-offline” and “online-offline-online”.

## **2.2. O2O Model in the Cuisine Service Industry in Vietnam**

In fact, Vietnam is an attractive market for the retail industry with a large number of young consumers. According to the General Statistics Office, the retail sales of goods nationwide last year reached nearly 162 billion USD, equivalent to 3,751 billion VND, accounting for 75.9% of the total retail sales and up 12.7% over the previous year. 2018. However, online retail is also growing and becoming more popular in the context of the Covid-19 pandemic, which has contributed to changing consumer behavior.

According to a report by Statista (2020), the market size in Vietnam accounts for a very small proportion compared to other countries in the Asia Pacific region and only accounts for about 0.6% of the Takeaway food delivery service market in the world. O2O mobile applications reached 45.6 billion dollars in the world. According to a report by E-Conomy SEA (2019), in Southeast Asia, the annual growth rate of online food delivery from 2015 to 2019 is up to 91% and is estimated to reach a value of up to 20 percent. billion dollars in 2025. Also, according to the above report, in the four years from 2016 to 2019, the online food delivery market in Indonesia has grown 13 times, the Philippines has grown nine times, Thailand has grown eight times, while in Vietnam, it only grows twice.

However, because of the negative impact of COVID-19, many businesses in the F&B industry had a strong shift around the change in consumer buying behavior. In particular, the O2O model is increasingly interested by businesses because most consumers want to order through online shopping channels to save time and limit community contact during the epidemic season.

In fact, when the epidemic occurred, people did not go to the store, but only stayed at home to order through the application or call directly. Facing the change in customer buying behavior, businesses in the food service industry have flexibly coordinated with platforms such as Grap Food, Now, Baemin... to bring in revenue. That has created a turning point for the development of the O2O model in the Takeaway food delivery service industry on mobile applications in the Vietnamese market.

## **2.3. Definition of Purchasing Intention and Re-purchasing Intention of Vietnamese Consumers**

### **2.3.1. Purchasing Intention**

Purchase intention is the probability that a customer will purchase a product or service. To gauge purchase intent, marketers use predictive modeling to help determine the likelihood of future outcomes based on historical data.

An important goal of assessing purchase intent is to better understand what the effectiveness of an online or offline media campaign is and whether the money spent on marketing initiatives has a ROI. acceptable or not. The ultimate goal of purchase intent analysis is to deliver the right message to the right audience at the right time. In particular, if the purchase intention is analyzed in the right direction, it will be a key factor to provide the right products to the right consumers, which will form buying habits for consumers and turn new customers into customers. business friendliness.

Analysis of purchase intent data can also reveal when customers are strongly inclined to buy from a particular supplier, with real-life applications from lead scoring and nurturing campaigns. If used effectively, purchase intent can improve conversion rates, speed up transactions, and create stronger synergies between marketing and sales.

### 2.3.2. Intention to Re-using Mobile Apps for Ordering Take-away Delivery Service

Re-purchasing intention is the future tendency of a customer to stay with a product or service provider (Ranaweera & Prabhu, 2003). Retaining customers for continued use of a product or service is an important business strategy for any business. Businesses always try to minimize customer abandonment of their products because customer retention directly affects the profitability of the business. According to research by Fleming and Asplund (2007), when customers stick with products/services for businesses, they will generate 1.7 times more revenue than normal customers. Rosenberg and Czepiel (1984) indicate that the cost of creating a new customer is about “six times” higher than maintaining an existing customer. Therefore, businesses are increasingly focusing and making efforts to ensure customers' trust, satisfaction and continued use of products/services instead of just focusing on attracting new customers.

Parasuraman Grewal (2000) has shown that the quality of e-commerce services will directly promote consumer behavior. Therefore, we can see that the most accurate measure to reflect the quality of the O2O model in the Takeaway food delivery service industry on mobile applications is the desire to continue using food ordering applications. consumer food. Therefore, maintaining customers who continue to use mobile applications for Takeaway food delivery means that the quality of the service is being guaranteed. At the same time, the desire to continue using is the most important factor leading to consumers' behavior of using Takeaway food ordering applications for the second time and possibly many more times.

## 3. Factors Influencing on Re-using Mobile Application for Ordering Take-away Food Service --O2O Model

### 3.1. Expectation Confirmation and Re-purchasing Intention of Consumer

It is true that after purchasing a product or service, consumers will have a certain performance perception based on their own purchasing experience and subjective perception that pre-purchase expectations are fulfilled. by comparing with expectations before purchasing that product or service. This expectation is called the expected level of confirmation. Therefore, the expected level of confirmation is one of the direct reasons why consumers continue to use O2O to use takeaway food delivery services on mobile applications. And the level of expected confirmation (Expectation Confirmation) will be assessed through the perception of the quality of that product or service and the consumer's perception of the level of payment.

**Table 1.** Influencing factors of expectation confirmation process

Factor	Definition	Resources
Expectation Confirmation	To explain consumer satisfaction and usage decisions.	Bhattacharjee (2001)

### 3.2. Perception of the Quality of the Product or Service Provided and the Perceived Level of Payment with the Intention of Continuing to Use it of Vietnamese Consumer

**Table 2.** Influencing factors of perceived quality

Factor	Definition	Resources
Platform Information Quality	The consumer's assessment of the quality of information on the takeaway food delivery platforms they have used.	Ahn, 2007
Platform System Quality	The consumer's evaluation of the service quality of the system on takeaway food delivery platforms that they have felt when using	Mc Kinney,2002
Platform Service Quality	The consumer's evaluation of the service quality on takeaway food delivery platforms that they have felt when using	Cao, 2005
Business Service Quality	The consumer's evaluation of the service provider's service quality on takeaway food delivery platforms that they have felt when using	(Cronin,1992)
Perceived Value Advantage	The consumer's perception of the price advantage when using a takeaway food delivery platform.	Jap and Ganesa (2000) Jones(2000)
Perceived Convenience	The perception of consumers about the convenience of using a takeaway food delivery platform	Davis and Bagozzi(1989)

### 3.3. The Consumer's Perception of the Extent to Which They have to Pay for Continued Use

Summarizing a large number of literature studies in the previous period, it is clearly that consumers' perceived value not only directly affects their willingness to adopt O2O platforms. takeaway food of new consumers, but also profoundly affect the intention to continue buying on O2O takeaway platforms of used consumers. There have been a lot of studies showing that after using perceived benefit and perceived cost to measure perceived value, there were negative effects on repurchase intention. continuously on O2O platforms for consumer takeaway food delivery in the field of mobile commerce (Mobile Business). Research and analysis results show that Perceived Risk and Perceived Cost are the factors that contribute strongly to consumers' perception of the level of spending, and have also indirectly influenced the assessment. perceived quality when shopping on consumer takeaway O2O platforms.

**Table 3.** Factors influencing perceived cost

Factor	Definition	Resource
Perceived Risk	Defined when consumers are uncertain whether their purchasing behavior can achieve their own subjective goals?	Cox&Rich, 1967
Perceived Cost	Customer perceived costs include all purchase costs, e.g., purchase price, time, morale, and the risk of a damaged or unsatisfactory purchase.	

### 3.4. The Relationship between Different Aspects of Other Consumption Factors and Consumer Purchase Intention

**Table 4.** Personal perception factors

Factor	Definition	Resource
Habit	Assess consumer familiarity with takeaway O2O platforms.	
Subjective Norms	An assessment of the influence of close people around leading to the use of O2O platforms for takeaway food delivery by consumers.	
Conversion Cost	A consumer's emotional assessment of the mental cost of choosing to change the habit of using O2O takeaway food delivery platforms by using another ordering site.	

For consumers' intention to continue buying on O2O takeaway food delivery platforms, factors such as: Habit, Subjective Norms, Conversion Cost are also inseparable factors affecting users in the future purchasing process on those platforms.

#### 4. Conclusions; Solutions and Recommendations

Actually, there is a range of domestic and international researches on consumers' intention to continue buying (taking the takeaway food delivery industry on O2O mobile apps as an example) which are conducted based on three main aspects. Although the above three factors are not an exhaustive overview, they can provide specific explanations in demonstrating the reasons that strongly influence consumers' intention to continue buying in the future. Takeaway food delivery industry on O2O mobile application, and these influencing factors have been studied by many scholars theoretically and empirically. Although there are many factors that influence consumers' intention to continue buying, the above study has definitely verified that the expected level of confirmation -Expectation Confirmation, perceived quality of a product or service used-Perceived quality, perceived sacrifices and a number of other factors such as: Habit, Subjective Norms, Conversion Cost have affected consumers' intention to continue buying. Takeaway food delivery on O2O mobile app.

Regarding the development and research of consumers' intention to continue buying in the takeaway food delivery industry on O2O mobile applications, foreign countries are always ahead of Vietnam. Previous Vietnamese studies on consumers' intention to continue buying in the takeaway food delivery industry on O2O mobile applications were based on foreign documents and did not really delve into this topic. Mainly because consumers in Vietnam do not really have trust for takeaway food delivery on mobile platforms, so the demand is not high, so this topic has not been explored much. However, due to the impact of the Covid-19 pandemic and the integration into the world economic market, consumers' perceptions have changed. Thanks to that, the takeaway food delivery industry on O2O mobile application has gradually developed rapidly and dominated the service market in Vietnam. But due to national policy and environmental culture, the factors affecting consumers' intention to continue buying in the takeaway food delivery industry on O2O mobile applications are somewhat different than in foreign countries.

The way of life of Vietnamese people can be said to be comfortable, idyllic and friendly, this is one of the advantages that can be used to develop the takeaway food delivery industry on the O2O mobile application. Vietnam's traditional culture and ethnic policies are still more conservative and less open than in foreign countries, which is an obstacle that must be overcome to develop the takeaway food delivery industry on advanced O2O mobile applications. High consumer confidence. Therefore, future studies need to combine the culture and country conditions of Vietnam to conduct more in-depth analysis and summary.

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