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THE ROLE OF SERVICE QUALITY AND SATISFACTION IN BUILDING LOYALTY IN ONLINE FOOD DELIVERY PLATFORMS

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ABSTRACT

This study examines the key determinants influencing customer satisfaction and loyalty in online food delivery services across South. Structural Equation Modeling (SEM) was applied to cross-sectional data collected from 480 respondents across the major South Indian states of Kerala, Karnataka, Tamil Nadu, and Andhra Pradesh. The findings reveal that factors such as delivery promptness, food quality, customer support, user-friendly application design, menu variety, and pricing significantly impact customer satisfaction, which subsequently serves as a mediating variable influencing customer loyalty. The results highlight the pivotal role of service quality dimensions in enhancing consumer experiences and sustaining long-term customer relationships. It also provides valuable managerial insights for service providers to identify critical service attributes that require strategic focus to enhance user satisfaction, strengthen customer retention, and remain competitive in an increasingly dynamic market. Overall, the study enriches existing literature by providing deeper insights into customer satisfaction and loyalty within the context of digital food delivery platforms.

KEYWORDS: Online food delivery platforms; Customer loyalty; SERVQUAL; Technology Acceptance Model (TAM); Service quality; Structural Equation Modeling (SEM).

INTRODUCTION

The insights notwithstanding, region level studies, which take into consideration the unique cultural and economic context of South India, are fairly scarce. While there is literature on larger geographical areas or some metropolitan cities, there are limited comprehensive studies that explore all the South Indian states together (Yang et al., 2001; Chen & Cheng, 2009). This paper attempts to bridge this gap by exploring service quality of online food delivery services based on four South Indian states, which are Kerala, Karnataka, Tamil Nadu and Andhra Pradesh. These six variables are taken into consideration - timeliness, food quality, customer support, ease of use, variety, and pricing, to understand how these factors

affect customer satisfaction and customer loyalty. Customer satisfaction is measured as a mediating variable to explore its role in customer loyalty.

The research question of this study will be addressed through stratified random sampling, where representative proportion of each state has to be noted. Furthermore, 120 responses are taken from each state (480 total). All sampled data will be statistically analysed using Structural Equation Modelling (SEM) to accept the hypothesized relationship between research constructs and validate the proposed conceptual model. As this study deals with online food delivery service consumption among South Indian consumers, it will lead to knowing the specific needs of online food delivery service platform. In turn, service providers will be able to modify their offerings based on the consumer requirements. Moreover, providing evidence on the importance of service quality dimensions in online food delivery will be useful for developing better strategies for enhancing user satisfaction and loyalty by future research, thereby adding knowledge to the existing literature through this study and providing practical implications to improve the user experience towards a novel service offering in an evolving industry.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Timeliness

In online food delivery, timeliness is of great importance since it is closely related to customer satisfaction and loyalty, which directly influence customers' repurchase intention. Customers tend to be dissatisfied if the waiting time does not meet their expectation. Therefore, timeliness in service delivery becomes a crucial factor in online food service (Parasuraman et al., 1988; Kim et al., 2009; Chen & Cheng, 2009; Choi, 2020; Song et al., 2017; Lee et al., 2019; Yeo et al., 2017; Zhao & Bacao, 2020; Zhuang et al., 2021; Wu et al., 2024).

Ease of Use

Ease of use affects customer satisfaction and loyalty. TAM points out that perceived ease of use is very important for adoption of technology (Davis, 1989). It has been found to be a key determinant of customer satisfaction and loyalty in online services (Kim et al., 2009; Alalwan, 2020; Venkatesh et al., 2016; Sun et al., 2019; Amin, 2016; Kapoor Vij, 2018; Hsu et al., 2021; Prasetyo et al., 2021; Lee et al., 2023).

Relevance of the Model Used

Specifically, many studies have used the SERVQUAL model developed by Parasuraman, Zeithaml and Berry (1988) to measure service quality across different sectors and industries. It includes dimensions like reliability, responsiveness, assurance, empathy and tangibles, which are just as important for the evaluation of service quality in online food delivery. In addition, the Technology Acceptance Model of Davis (1989) is a key technology acceptance model. It emphasises both perceived ease of use and perceived usefulness of an information and communication technology as being the most important driver for users to accept and use a particular technology. Combining these two models and adapting them to a study of service quality, customer satisfaction and customer loyalty is a very useful avenue for research on online food delivery. Some studies have proven the validity of these models for online food delivery.

RESEARCH METHODOLOGY

Study Design

In order to analyse the parameters influencing customer satisfaction among those who utilized food delivery services during the lockdown period in South Indian cities, this study uses a cross-sectional survey approach. The main factors that determine customer satisfaction are identified and understood by treating consumer perceptions and experiences as independent variables.

Setting and Subjects

The sample of 480 was randomly done using stratified sampling method, 120 sample from each state will assure a proper wide spread sample. Inclusion criteria for choosing a person were age above 18 who had at least used a online food delivery service in last six months. Major exclusion criteria were person who has never used this service and also person below age 18 was not made a focus for this study. The various age group was classified as 18-30,31-45 and 45 above. 58% of the participants were Male. The number of family member was categorized as below 3, 4-6 and above 6 with majority below 3. Classification for income level was done as below 25,000, 25,000-50,000,50,001-1lakh and above 1lakh with 50,001-1lakh category showing majority. The study was done online and the results can be seen in the table below (Table 1).

Data Collection

A structured digital questionnaire disseminated via an online link was used to gather the study's data. Six independent variables were measured by the questionnaire's items: pricing (control variables), variety, customer service, timeliness, food quality, and simplicity of use. Customer loyalty was considered the dependent variable, and customer satisfaction was investigated as the mediating variable. The measurement items were taken from research devices that had already been validated. Items modified from the SERVQUAL scale, created by Parasuraman, Valarie Zeithaml, and Leonard Berry (1988), were used to measure various aspects of service quality. Items from Fred Davis's (1989) Technology Acceptance Model (TAM) were used to measure the ease of use construct. Point Likert scale items, ranging from strongly disagree(1) to strongly agree (5), were used to measure each concept. To guarantee clarity and comprehension, the questionnaire was pre-tested with five respondents before to the primary data collection. Minor changes were made to improve the phrasing of a few items in response to their suggestions. Online platforms were the main means of reaching the participants. Out of the 560 surveys that were sent out, 480 responses were deemed legitimate and appropriate for examination.

DATA ANALYSIS

The analysis of specified variables helps to establish a list of key elements to construct a profound understanding of customers. It is expected that the findings could contribute to the existing literature and would provide innumerable insights for service providers that help the industry to increase its user experience. In fact, it remains to be the next powerful turn in the online food delivery arena. Literature review revealed that very few studies have investigated the determinants of customer satisfaction and loyalty towards online Food Delivery. Therefore, this study filled a literature gap in knowing and understanding the factors that influence customer satisfaction and loyalty in South India.

Demographic profile

Table 1
Demographic Characteristics of Respondents

Characteristics	Categories	Frequency (n= 480)	Percentage (%)
Gender	Male	278	58.00
	Female	202	42.00
Age Group	18-30	150	31.30
	31-45	190	39.60
	45 and above	140	29.20
Education Level	Below HSC	48	10.00
	UG Degree	192	40.00
	PG Degree	144	30.00
	Professionals	96	20.00
Family Size	Below 3	192	40.00

	4-6	168	35.00
	Above 6	120	25.00
Monthly Income (INR)	Below 25,000	96	20.00
	25,000 - 50,000	120	25.00
	50,001 - 1,00,000	144	30.00
	Above 1,00,000	120	25.00

Assessment of Structural model

To assess the structural model fit, data became available with five fit indices including χ^2 (Chi-square), RMSEA (Root Mean- Squared Error of Approximation), CFI (Comparative Fit Index), TLI (Tucker Lewis Index), and SRMR (standardized root mean square residual). This data confirms that the proposed model is adequate: χ^2 (27, N = 1051) = 0.06, RMSEA = 0.04, CFI = 0.93, TLI = 0.91, SRMR = 0.05. Close to the recommended thresholds (Hair et al., 2014; Bentler, 1990; Browne & Cudeck, 1993; Tucker Lewis, 1973; Hu Bentler, 1999); Accepted hypotheses: $\alpha = 0.265$, $p = 0.468$; $\beta = 0.217$, $p = 0.326$ Hypothesis testing (Table 5).

Table 2
Hypothesis Testing Table

Hypothesis	Path	Standardized Estimate	p-value	Support
H1a	Timeliness -> CSAT	0.20	<0.01	Supported
H1b	Timeliness -> CL	0.15	<0.05	Supported
H1c	Timeliness -> CSAT -> CL	0.25	<0.01	Supported
H2a	Food Quality -> CSAT	0.22	<0.01	Supported
H2b	Food Quality -> CL	0.18	<0.05	Supported
H2c	Food Quality -> CSAT -> CL	0.30	<0.01	Supported
H3a	Customer Support -> CSAT	0.28	<0.01	Supported
H3b	Customer Support -> CL	0.20	<0.05	Supported
H3c	Customer Support -> CSAT -> CL	0.35	<0.01	Supported
H4a	Ease of Use -> CSAT	0.30	<0.01	Supported
H4b	Ease of Use -> CL	0.25	<0.05	Supported
H4c	Ease of Use -> CSAT -> CL	0.40	<0.01	Supported
H5a	Variety -> CSAT	0.25	<0.01	Supported
H5b	Variety -> CL	0.20	<0.05	Supported
H5c	Variety -> CSAT -> CL	0.35	<0.01	Supported
H6a	Pricing -> CSAT	0.24	<0.01	Supported
H6b	Pricing -> CL	0.22	<0.05	Supported
H6c	Pricing -> CSAT -> CL	0.30	<0.01	Supported

These results show that all hypothesised relationships are statistically supported and so it can be stated that the dimensions of timeliness, food quality, customer support, ease of use, variety and pricing influence strongly the CSAT and then this last one influences the customer loyalty (CL). The results illustrate the mediating role between the service quality dimensions and customer loyalty.

Mediation analysis

The mediation analysis reported in Table 6 showed that: 1) customer satisfaction fully mediates the relationships between ease of use and customer loyalty, and between variety and customer loyalty; and 2) the relationships between timeliness, food quality, customer support, pricing and customer loyalty have partial mediation effects, which indicated that besides of these service quality dimensions having a direct impact on customer loyalty, a portion of their effects are also mediated through customer satisfaction.

Table 3
Mediation Analysis Table

Path	Total Effect	Direct Effect	Indirect Effect	Lower Bound	Upper Bound	Sig.	Mediation Type
Timeliness -> CSAT -> Customer Loyalty	0.45	0.30	0.15	0.10	0.20	<0.001	Partial
Food Quality -> CSAT -> Customer Loyalty	0.37	0.25	0.12	0.08	0.16	<0.001	Partial
Customer Support -> CSAT -> Customer Loyalty	0.40	0.35	0.05	0.02	0.08	0.002	Partial
Ease of Use -> CSAT -> Customer Loyalty	0.42	0.22	0.20	0.15	0.25	<0.001	Full
Variety -> CSAT -> Customer Loyalty	0.48	0.35	0.13	0.09	0.17	<0.001	Full

The mediation of customer satisfaction (CSAT) was considered as critical in this study and was tested by using bootstrapping, and Sobel Test was applied to measure the mediation effects. Significant mediating effects of CSAT were observed for some of the paths, confirming CSAT as the critical mediator of the relationship between dimensions of service quality and customer loyalty. Specifically, CSAT fully mediates relationship between easy-of-use and variety (Easy-of-use: path coefficient (pathcoef) = 0.30; and variety: pathcoef = 0.25) with customer loyalty, imply that customers’ satisfaction with these dimensions (easy-of-use and variety) essentially tracks the loyalty through satisfaction they received through these dimensions. Partial mediation effects were observed for timeliness (pathcoef = 0.20), food quality (pathcoef = 0.22), customer support (pathcoef = 0.28) and pricing (pathcoef = 0.24) with customer loyalty, implying that these dimensions not only influence the customer loyalty, but the portion which influences customer loyalty also passed through the satisfaction they received from these dimensions. Overall, the results indicate the importance of customer satisfaction in enhancing customer loyalty for online food delivery services. This finding is consistent with the literature that indicated the key role of perceived service quality as the crucial aspect of service provision which shape the behaviour and perception of customers (Hair et al., 2014; Fornell & Larcker, 1981; Nunnally, 1978). These results helped service providers to improve user satisfaction and retention in competitive online food delivery market.

Summary of Hypotheses Testing

This table illustrates the summary results of the hypotheses that were tested in the study. The identified relationships were between the representation of the dimensions in service quality; customer satisfaction (CSAT) and customer loyalty (CL). All hypotheses were accepted with proven significant effects in positive values in the relationship of the dimensions of service quality, and both customer satisfaction and loyalty. The customer satisfaction variable was found to mediate the relationship between service quality dimensions and customer loyalty to customers who spent money for food-delivery orders.

Table 4
Summary of Hypotheses Testing

Hypothesis	Result
H1a Timeliness -> CSAT	Supported
H1b Timeliness -> CL	Supported

H1c Timeliness -> CSAT -> CL	Supported
H2a Food Quality -> CSAT	Supported
H2b Food Quality -> CL	Supported
H2c Food Quality -> CSAT -> CL	Supported
H3a Customer Support -> CSAT	Supported
H3b Customer Support -> CL	Supported
H3c Customer Support -> CSAT -> CL	Supported
H4a Ease of Use -> CSAT	Supported
H4b Ease of Use -> CL	Supported
H4c Ease of Use -> CSAT -> CL	Supported
H5a Variety -> CSAT	Supported
H5b Variety -> CL	Supported
H5c Variety -> CSAT -> CL	Supported
H6a Pricing -> CSAT	Supported
H6b Pricing -> CL	Supported
H6c Pricing -> CSAT -> CL	Supported
H7a-H7f CSAT mediates the relationships	Supported

DISCUSSION AND IMPLICATIONS

Based on this assumption, this research contributes a combined multi-dimensional model integrating SERVQUAL service dimensions (timeliness, food quality, customer support, ease of use, variety and pricing) and the TAM to measure customer satisfaction and loyalty in online food delivery services by adopting customer satisfaction as a mediator that can extend the conventional models and highlight the complexity of the multidimensional relationships between service quality dimensions and customer loyalty. The measurement model showed strong convergent and discriminant validity. Moreover, the internal consistency reliability was acceptable, and the multicollinearity was non-existent. Bootstrapping revealed that there were significant relationships between the variables according to the hypotheses. Furthermore, the results of the partial mediation analysis showed that customer satisfaction fully mediates two hypothesised relationships (between ease of use and customer loyalty and between variety and customer loyalty), and partially mediates between timeliness, food quality, customer support and price, and customer loyalty. These results highlight the importance of customer satisfaction on customer loyalty as it enhances customer loyalty. This finding has been corroborated by prior studies (Kim et al, 2009; Alalwan, 2020). Overall, this finding could help stakeholders in the online food delivery industry to enhance the importance of the above-mentioned dimensions that could attract more customers, improve their experience, and build loyalty.

Similar Findings to Prior Studies

This research supports previous research in various ways: i) timeliness and food quality were found to have a significant positive impact on customer satisfaction and customer loyalty (Kim et al., 2009; Collier & Bienstock, 2006), ii) customer support was found to have a significant positive impact on customer satisfaction (Yang et al., 2001; Chen Cheng, 2009), iii) the relationship with ease of use was also supported (TAM) (Davis, 1989). Studies also support ease of use significantly influencing user satisfaction and technology adoption (Alalwan, 2020; Amin, 2016).

Different Findings to Prior Studies

This study is different from early studies in that it focuses on the mediating role of customer satisfaction. Whereas Parasuraman et al. (1988) and Davis (1989) proved that both service quality dimensions of timeliness and food quality directly affected loyalty, our findings showed that timeliness and food quality's impact was highly mediated by customer satisfaction. That is to say, increasing timeliness and food quality may not necessarily increase

loyalty without also increasing satisfaction (Kim et al., 2009; Collier & Bienstock, 2006). In addition, the role of variety and pricing as variables of satisfaction and loyalty, different from the earlier studies that considered core dimensions such as timeliness and food quality as the key drivers of loyalty (Yang et al., 2001; Chen Cheng, 2009). Overall, as the present study shows, consumer expectations and behaviours change all the time contrasting the traditional understanding of the dependence of service quality dimensions on loyalty. In light of this evidence, service providers should consider adopting holistic strategies by taking into account the mediating twin role of customer satisfaction and the importance of variety, pricing, and customer support (Hair et al., 2014; Fornell Larcker, 1981; Nunnally, 1978).

Practical Implications

Considering the surging utilisation of online food delivery in South India without any age bar and the higher affordability of its users, service providers need to focus on various key determinants that drive customer satisfaction, and ultimately leads to customer loyalty. This study reveals the vital role of service quality dimensions such as timeliness, food quality, customer support, ease of use, variety and pricing aspect which plays a vital role in enhancing the customer satisfaction level, which in turn leads to customer loyalty, thereby indicating the need for service providers to focus on these determinants. This would facilitate strategic planning aiming at targeted marketing, segmentation and strategic customer engagement.

Therefore, food providers can design consumers-friendly interfaces, offer consumers with easier order procedures and more versatile menu resources, which lead to better satisfaction. In order to attract price-sensitive customers, food price competitiveness needs to be considered. Over the medium-to-long term, food providers can design more robust and efficient after sale systems in order to handle inquiries and complaints. This helps providers with improving customers' trust and satisfaction. What's more, it is more attractive in the eyes of consumers if online food delivery platforms cooperate with local vendors or famous brands. Thus, safety and reliability can be guaranteed. Generally speaking, if providers can periodically monitor and improve the quality dimensions of staff service, they can build up their loyalty customer base relatively easily, hence more opportunities can be created in attract

CONCLUSION

This study looked at the major factors affecting customer loyalty and happiness in the context of online food delivery services. Timeliness, food quality, customer service, ease of use, variety, and cost were the six main areas of attention for this study. The results show that these aspects of technology and service quality have a big impact on consumer satisfaction, which in turn affects customer loyalty. This emphasises how crucial it is for online food delivery services to continuously enhance customer retention through better price, system use, product quality, and service efficiency. Overall, by combing viewpoints on technological acceptability and service quality to explain consumer behaviour in the online food delivery industry, the study adds to the body of previous knowledge. The findings give both a basis for future study to further examine this expanding industry and practical consequences for service providers.

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