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Navigating Karachi's Online Food Delivery Boom: Investigating the Impact of Service Speed, Cuisine Variety, and Promotional Offers on Customer Retention

Naeem Ahmed
Phd Scholar Shah Abdul Latif University Khairpur Mirs, Sindh Pakistan
Email: naeemahmed690@gmail.com

Fida Hussain Dahar
PhD Scholar Shah Abdul Latif Khairpur Mirs, Sindh Pakistan
Email: fidadahar@gmail.com

Junaid Ali Sohu
PhD Scholar Shah Abdul Latif Khairpur Mirs, Sindh Pakistan
Email: junaid.sohu@salu.edu.pk

ABSTRACT

This research explores the influence of service speed, cuisine variety, and promotional strategies on customer loyalty in Karachi's online food delivery market. Adopting a quantitative, cross-sectional framework, data were gathered from 384 individuals who actively use well-known delivery apps, such as Food panda, Careem Now, and Bykea. Analysis via SPSS Version 27.0 included descriptive statistics, correlation, and multiple regression tests. The results indicate that service speed plays the most significant role in customer retention, highlighting the value of efficient delivery in fostering user loyalty. Additionally, having a variety of cuisines and promotional offers both have a positive relationship with retention, indicating that a diverse menu and attractive discounts can improve a platform's ability to keep customers loyal. According to these findings, it would be a good idea for online food delivery services in Karachi to improve their delivery processes, expand their partnerships with restaurants, and come up with effective promotional campaigns. The paper wraps up by recommending strategic investments in logistics, diversifying the menu, and implementing targeted marketing initiatives. Future studies might use qualitative and longitudinal methods to better understand consumer decision-making and to create more adaptable, competitive strategies in this fast-changing industry.

Keywords— Service Speed, Cuisine Variety, Promotional Offers and Customer Retention

Introduction

The online food delivery business has been expanding incredibly rapid in Pakistan in recent years, and Karachi has not been an exception of this digital transformation. This

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growth has been driven by a number of factors such as more people becoming members of the middle class, high usage of the Smartphone, and improved internet connectivity (Pakistan Bureau of Statistics [PBS], 2022). Reports by the State Bank of Pakistan (2021) indicate that the e-commerce transactions in the various segments have grown more than 40 percent last year and indicate that more consumers are adopting online services. Food delivery apps like food panda, Careem Now, and Bykea have leveraged this trend thanks to their services that enable one-tap order of meals offered by various restaurants (Ray, Dhir, Bala, and Kaur, 2019).

Although these platforms are obviously triumphant, the causes of customer loyalty are not yet well comprehended even in Karachi, where the food culture is vivid, the street food is vibrant, and the prices are a sensitive issue (Jahangir, 2020). As the food delivery market is becoming increasingly competitive, it is actually essential to understand what makes people desire using the service over and over again. It has been shown that the rate of services, the diversity of cuisine, and promotions can be an influential factor in how the value is perceived and the overall satisfaction (Zhang and Wei, 2021). Nevertheless, the local conditions, such as cultural inclinations, current traffic problems, and congested urban environments, may alter the mechanism of these aspects in Karachi (Arif, Aslam, and Hwang, 2021).

This study will examine the impact of service speed, cuisine diversification and promotion deals on customer retention in the fast expanding online food delivery sector in Karachi. The paper examines the combination of these factors in an effort to bridge a significant knowledge gap between the desires of the local consumers and the platform strategies. It also strives to make helpful contributions to businesses, policymakers, and others who would like to enhance satisfaction and allegiance on a long-term basis.

In the next sections, the theory of customer retention in digital markets is described and the way the study collected and analyzed data is presented. Subsequently, the findings are discussed in terms of the existing literature, and some practical implications and potential research directions are discussed. The proposed extensive research should contribute to the academic and managerial understanding of the food delivery providers online services which will eventually support the growth of better marketing and operations practices within the changing market of Karachi.

Objectives

- To Assessing the Role of Service Speed (SS) on Customer Retention (CR):

This objective aims to determine if faster delivery times notably boost customers' propensity to repeatedly use an online food delivery service (Zhang & Wei, 2021).

- Exploring the Link Between Cuisine Variety (CV) and Customer Retention (CR):

Focusing on the range and distinctiveness of culinary options available, this objective investigates whether a varied menu assortment leads to increased customer retention rates (Ray, Dhir, Bala, & Kaur, 2019).

- To Examining the Effect of Promotional Offers (PO) on Customer Retention (CR):

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Given the widespread use of promotions and discounts to attract and maintain customers, this objective evaluates how the frequency and type of promotional strategies influence consumer loyalty (Arif, Aslam, & Hwang, 2021).

- To Analyzing the Combined Impact of SS, CV, and PO on Customer Retention: This objective explores whether the interplay of service speed, cuisine variety, and promotional offers collectively creates a synergistic effect on overall customer retention and satisfaction, especially within Karachi's evolving market (Jahangir, 2020).

Research Questions

RQ1: How significantly does service speed (SS) influence customer retention (CR) in Karachi's online food delivery market?

RQ2: In what ways does cuisine variety (CV) affect customers' decisions to remain loyal to a specific platform?

RQ3: What role do promotional offers (PO) play in fostering repeat business and loyalty among users of online food delivery services?

- RQ4: Do service speed, cuisine variety, and promotional offers collectively have a significant effect on customer retention?

Hypotheses

- H1: There is a positive and significant association between service speed (SS) and customer retention (CR).
- H2: A greater variety of cuisine (CV) is positively related to increased customer retention (CR).
- H3: Promotional offers (PO) positively influence customer retention (CR).
- H4: The combined effects of service speed (SS), cuisine variety (CV), and promotional offers (PO) exhibit a significant positive impact on customer retention (CR).

Literature Review

Service Speed

The speed of service has always been found to be a key factor of service quality and a fundamental factor of consumer satisfaction in both digital and non-digital contexts (Parasuraman, Zeithaml, and Berry, 1985). The concept of speed is specifically relevant in the context of online food delivery wherein the speed issue appeals to the consumer preferences towards convenience and timeliness (Zhang and Wei, 2021). According to Kimes, fast service can greatly increase the value of the perceived value thus stimulating repeat business (2011). The same is intensified in urban areas, like Karachi, where the traffic jams and the work schedules increase the need to have the deliveries on time. As a result, sites that are effective enough in minimizing the delivery time by utilizing optimal logistics and real-time tracking tend to have an advantage over the competitors (McLean & Wilson, 2016).

Cuisine Variety

Cuisine variety is the breadth and depth of what is offered to the consumers in the menu

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(Ryu, Lee, and Kim, 2012). The wide array of food options follows different preferences and food needs, therefore, enhancing the chances that customers will identify attractive options on one medium. According to Ray, Dhar, Bala and Kaur (2019), the perceived utility of an online food delivery service is increased by the presence of various types of cuisine, including both local street food and international cuisine. The diversity is not only expanding the range of potential clients but also promotes loyalty among the current ones, who will enjoy the convenience of not having to change platforms and being able to browse various menus (Arif, Aslam, and Hwang, 2021). In such a densely populated city as Karachi with a rich culinary background and an extensive variety of food choices, the ability to provide a broad range of cuisine can be a decisive factor.

Promotional Offers

There are promotional offers such as discounts, coupons, cash-back offers and loyalty programs which are meant to encourage trial and repeat usage (Darke and Dahl, 2003). These promotional tactics can be used as short-term stimuli to attract new users and long-term loyalty mechanisms in the case of an efficient implementation (Haws, Bearden, and Nenkov, 2020). Promotions that are properly executed can make one platform preferred over another in emerging markets where a sense of price sensitivity is frequently important in the consumer decision-making process (Arif et al., 2021). The competitive nature in this situation is particularly strong in Karachi where various platforms compete to win the attention of the consumers by offering discount and special package deals that serves to reinforce the sense of value and encourage customers to be loyal.

Customer Retention

Customer retention highlights the skill of an organization to retain a consistent group of regular patrons in the long term (Oliver, 1999). Maintaining the customers is sometimes cheaper than developing new ones, which has a direct impact on the long-term profitability of a company (Reichheld and Teal, 1996). Regarding the online food delivery, retention of users will be associated with delivery times, variety of the menu and value exceedance that will meet and surpass expectations (Zeithaml, Berry, and Parasuraman, 1996). According to Cronin, Brady and Hult (2000), customer retention does not just focus on individual transaction but the summative experiences that make customers feel contented and loyal to one service instead of the competitors. With more and more players entering the online food delivery business in Karachi, websites with an emphasis on a quick delivery service, a variety of menu, and attractive offers have an improved chance of building a consumer base that will remain loyal to the organizations.

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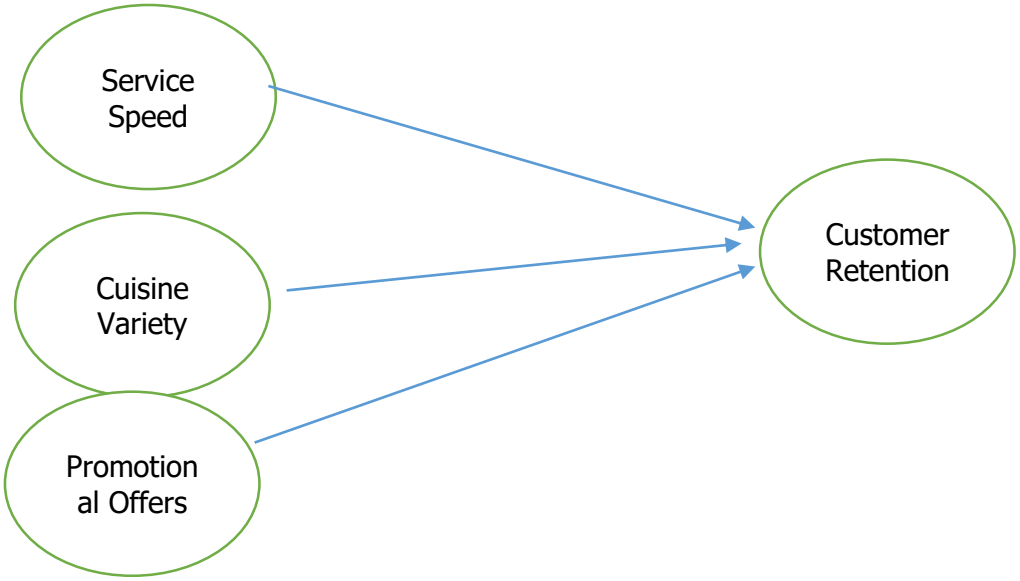
Research Model



Methodology

The study was a quantitative and cross-sectional study to determine the impact of speed of service, diversity of cuisines, and promotional packages on retention of customers in online food delivery market in Karachi. The research targeted active customers of food delivery apps like Foodpanda, Careem Now, and Bykea, who have their residences in Karachi. Several neighborhoods were chosen through convenience sampling of the participants who were gathered via the use of social media and direct contact. The approach taken by Krejcie and Morgan (1970) in case of large populations, proposes that a sample size of 384 participants would be adequate to represent a population of more than a million people. We gathered the data through online questionnaire which was also self filled. The poll contained closed ended questions whose marking is based on a five-point Likert scale, that is, strongly disagree (1), strongly agree (5). The pilot test involving 30 subjects was conducted prior to the overall implementation in order to enhance the clarity and reliability of the survey instrument. Once the data had been collected, I looked through the responses to ensure that there were no gaps in the responses and then coded the answers to be analyzed using SPSS Version 27.0. We started with the descriptive statistics, which were used to depict the demographic data and key variables. We then used inferential tools, such as correlation and regression analysis in order to test the provided hypotheses. The study assessed the reliability of the scales of measurement by using Cronbachs alpha and determined their validity using the exploratory factor analysis. This holistic approach ensured the findings were significant and useful to the study of consumer behavior in the online food delivery industry in Karachi.

Data Analysis

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The SPSS Version 27.0 was used to analyze the data and to examine the demographic profiles of the respondents. I wondered how the service speed, cuisine variety, promotional offers and customer retention were related. The first thing I did was to scan through the dataset and find out any missing values and outliers and then I developed a few descriptive statistics. I then performed correlation and multiple regression analysis to identify the effect of SS, CV and PO on CR.

Table 1: Demographic Characteristics of Respondents

Variable	Frequency (n)	Percentage (%)
Age 18–25	100	26.0
Age 26–35	150	39.1
Age 36–45	80	20.8
Age 46 and above	54	14.1
Gender (Male)	210	54.7
Gender (Female)	174	45.3
Education (Bachelor's)	220	57.3
Education (Master's)	164	42.7
Total	384	100.0

The participants in the study were 384 in number and their demographic traits are presented in Table 1. The individuals that responded to the question were between 18 and over 46 years. The sample size consisting of 26 to 35 years old was 39.1, which is a huge percentage of the sample meaning that many of the participants were in their working age. Male respondents were a few more and comprised 54.7 percent of the total and female respondents 45.3 percent. The majority of the respondents (57.3) possessed a bachelor level qualification, and 42.7 have completed a master level qualification. These statistics indicate that the sample is rather educated, and it is likely to be aware of online consumer platforms.

Multiple regression was conducted to assess the influence of SS, CV and PO on CR. My pre-check of the correlation with the regression revealed that all the independent variables (SS, CV and PO) had significant and positive correlations with CR. This implies that the quicker delivery times, the increased range of dishes and the appealing promotion deals are associated with the increased customer retention rates.

Table 2: Regression Results (Dependent Variable: Customer Retention)

Predictors	Beta (β)	t-value	p-value	Result
Service Speed (SS)	0.341	5.62	0.000	Significant
Cuisine Variety (CV)	0.276	4.37	0.001	Significant
Promotional Offers (PO)	0.299	4.91	0.000	Significant

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Predictors	Beta (β)	t-value	p-value	Result
R^2	0.52			
Adjusted R^2	0.51			
F-statistic	48.76		p < 0.001	

According to Table 2, the model with the total statistical significance was significant (F = 48.76, p < 0.001). The adjusted R 2 of 0.51 indicates that SS, CV and PO have the potential to explain approximately 51 percent of the variation in customer retention. SS exhibited the greatest impact on CR (b = 0.341, p < 0.001) that demonstrates the fact that fast and reliable delivery is actually crucial in retaining customers. The differences in cuisine and promotional offers also had a positive and statistically significant outcomes on CR but to lesser extent (b = 0.276, p < 0.01 and b = 0.299, p < 0.001, respectively). The findings indicate that when customers are made to feel more comfortable with certain services such as speed, diverse services offered, and attractive promotion packages, the chances of them remaining loyal to a certain platform will be increased.

Correlation Analysis

The Pearson correlation was used to examine the linear associations between the service speed (SS), cuisine variety (CV), promotional offers (PO) and customer retention (CR). As Table 3 depicts, all the independent variables (SS, CV, and PO) are positively related to CR. Also, the variables indicate positive correlations among each other, which means that the variables may collaborate in influencing the decisions of customers to stay loyal to a specific online food delivery service.

Table 3: Correlation Matrix among SS, CV, PO, and CR

Variable	SS	CV	PO	CR
SS	1			
CV	0.42**	1		
PO	0.39**	0.36**	1	
CR	0.51**	0.44**	0.45**	1

Reduced delivery time could increase the loyalty towards the customers as Table 3 suggests that there is a relatively high positive correlation between service speed and customer retention (r = 0.51, p <.01). The degree of diverse cuisine also has a significant relationship with the retention of customers (r = 0.44, p <.01). It means that the variety of the menu may result in an increase in the number of returning customers. Moreover, promotional offers and client retention have a significant correlation (r = 0.45, p <.01), thus, proving the idea that discounts and exclusive offers play an essential role in encouraging further patronage. The results are in line with the past research that attractive pricing, assortment, and prompt service are key factors in developing loyalty

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in online consumer markets (Arif, Aslam, and Hwang, 2021; Zhang and Wei, 2021). The outcome of the correlation shows that the improvement of the delivery speed, the extension of the menu, or more attractive promos can be critical to losing the clients in the Karachi online meal delivery environment that is rather competitive.

Conclusion

This research was aimed at examining the effect of the service speed, cuisine variety and promotional offers on customer retention in the online meal delivery business of Karachi. The method employed in the study was cross-sectional and quantitative in nature and SPSS Version 27.0 was used to analyze the data. It was found out that all three factors played an important role in determining whether a client would use a particular platform again or not. The data shows that the service speed is the most urgent component, which is why the prompt and reliable delivery is the key factor in the development of client loyalty. The attraction to customers is toward the platforms with an extensive array of menu items and enticing bargains, and in this respect, the considerable utility of having a variety of food options and special offers is observed. The findings contribute to the existing literature by demonstrating how a variety of merchandise, effective logistics and effective advertising are brought together to raise the level of consumer loyalty particularly in a metropolis like Karachi where time is always of the essence. Rapid service is definitely essential, however, to secure long-term customer loyalty, service providers have to offer a range of food and creative promotions, as well.

Recommendations and Future Directions

The findings of the study indicate that service providers need to focus on the enhancement of delivery infrastructure and the application of technology to reduce the wait time and improve the order tracking. We can serve a variety of consumer preferences by working with restaurants to expand their menu items, including niche and healthy ones. Also, the targeted consumer segments can be effectively reached and motivated to come back to the business to further conduct business using the data-driven marketing programs such as loyalty schemes or personalized offers. Qualitative research may contribute to these numerical findings in subsequent research by examining the emotions and the factors influencing the platforms adopted by consumers. In their quest to understand loyalty in online meal delivery better, researchers may, however, want to explore moderating variables, including image of the company, social media effect, and effects of culture. Longitudinal studies show that consumer tastes may shift as time goes by, particularly due to the fluctuation in social and economic situations. The combination of these approaches will help to understand the consumer behavior better and will be used in the development of more effective and flexible business strategies in the rapidly developing online market in Karachi.

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