International Journal of Engineering Research & Technology (IJERT)
ISSN: 2278-0181
Vol. 14, Issue 11, CONFLUENCE - 2026

Examining the Impact of Food Delivery Applications on the Monthly Expenditure and Budgeting Habits of Urban Consumers

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ABSTRACT

The rapid growth of platform business models and digital ordering services has changed the behavior of consumers regarding purchases, patterns of food consumption, and the management of household finances in cities. In the course of this research, the researchers strive to understand the extensive economic and behavioral implications of food delivery apps by analyzing the effect of using the app on the monthly expenditure on food. Relying on theories of the digital economy and platform business models, this research investigates the role of promotional efforts in increasing the frequency of usage of the relevant apps (usage of various discount levels, promotions, delivery free policy) while determining the financial awareness of urban consumers regarding their total monthly expenses on these platforms. The primary data has been collected through a questionnaire consisting of structured questions the respondents answered. The study involves descriptive and inferential methods of statistics to investigate expenditure behavior of the consumers and analyze how they react to the influence of the platforms. The findings of the research contribute to the understanding of the relationship between food delivery applications and the financial habits of urban consumers. The study also includes practical recommendations for controlling monthly food expenditure and making spending decisions. The results of the research provide some important empirical insights into the literature on digital consumer behavior.

Keywords: Digital Economy; Platform Economy; Financial Analytics; Consumer Spending; Promotional Thresholds

INTRODUCTION

The use of digital platforms has increasingly influenced the decision-making of consumers when it comes to purchasing, including how to order and pay for food. Food delivery applications offer convenience, variety of choices, promotion incentives, and doorstep delivery. However, convenience can also become a source of difficulty in terms of the frequency of purchases and the amount of money spent on a monthly basis. The financial impact of the discussed applications goes beyond the price of a meal, including recurring expenses, unplanned purchases, and changes in monthly budgeting habits.

Promotional discounts, minimum orders, and notifications may affect the decision of customers to order or increase the value of their order. Even though such offers can diminish the visible

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cost of a purchase, in certain cases, it might turn out that customers are spending more to be able to reach a specific discount or qualify for the offer. Multiple purchases of such instances could impact the amount of money spent on food in comparison to other planned expenses.

Another important consideration in the context of financial impact is the awareness of the consumer. It is common for customers to be aware of the necessity of spending control but less common for them to strictly follow the principles of budgeting. Analysis of spending patterns and adherence to the set budget would then allow for a more accurate assessment of the financial impact of the usage of food delivery applications.

1.1 Problem Statement

The recent proliferation of food delivery apps has both facilitated easier consumer ordering and raised new issues regarding consumers' food spending. Placing an order with food delivery services can result in more spending than intended due to high-frequency ordering, promotional offers, and minimum order requirements. As a result, consumer spending on food through such services may exceed their initial expectations. This study, therefore, explores the issue of food delivery through apps from the perspective of monthly food expenditure and budgets and the role of promotional offers.

1.2 Research Gap

While existing research aims to understand the nuance of online food delivery adoption, customer intention, and buying behavior, this paper tries to focus on the financial side of the same activity. Specifically, the current study attempts to understand the impact of this habit on the monthly spendings of the surveyed clients, their awareness and planning around the same, and the different promotional activities and spending thresholds that online food delivery networks offer. The study also seeks to understand if the clients report reduced spending in other categories to offset increased expenditure in this area. All these factors will be analysed using a descriptive analysis of the survey and its results.

1.3 Research Objectives

1. To examine the impact of food delivery applications on the monthly food expenditure of urban consumers.
2. To assess the level of financial awareness among consumers regarding their spending on food delivery applications and their budgeting habits.
3. To analyse the role of promotions and spending thresholds in encouraging consumers to use food delivery applications frequently.

2. REVIEW OF LITERATURE AND THEORETICAL FRAMEWORK

2.1 Review Of Literature

Samantak Chakraborty, Mohammad Khalid Azam and Sana. *Factors Affecting the Behavioral Intentions of Indian Millennials: An Analysis of Online Food Delivery Services* (2022)

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The research examined factors influencing millennial customers' propensity to use online food delivery services through their consideration of convenience, saving tendency, and other utilitarian benefits, establishing that each of these had a positive and statistically significant effect on purchase intention. The study found that consumer attitude, value, and motivation were three key predictors of customers' continuous intention to use online food delivery services. The research also found that the higher the frequency and volume of food delivery service purchases, the more frequently a buyer is expected to order online-purchased meals and the greater their monthly spending is predicted to be.

Harshal Dev, Raj Gupta and Dhruv Kumar. ***From Cash to Cashless: UPI's Impact on Spending Behaviour among Indian Users*** **(2024)**

The paper is aimed at analysing whether the introduction of the Unified Payment Interface (UPI) had any effect on the spending habits of people in India or not. It was found that the majority of the respondents (more than 75%) spend more with UPI as compared to cash due to the fact that digital payments lack tangibility due to which it becomes hard to determine when to stop, unlike with cash where the person can experience psychological discomfort. It was concluded that even though the UPI payment system is convenient, the people who are not disciplined enough with their finances will experience a downfall in their spending behaviors due to the easy accessibility of the UPI payments.

Desta Permasih, Arif Imam Suroso and Nur Hasanah. ***Intention to Use and Over-Ordering in Online Food Delivery Services: An Extension of the Theory of Planned Behavior*** **(2024)**

The research examined the factors that influence people's intention to use online food delivery services and the tendency to over-order with the help of the augmented version of the Theory of Planned Behaviour which took into account such factors as sales promotions and leftover usage. The results were achieved through the use of the structural equation modelling on the sample of more than two hundred users of food delivery services. It turned out that sales promotions, which were helpful in attracting the consumer who wishes to achieve their aims, has a big impact on the tendency to over-order too.

Yasinta Oktaviana and Atika Irawan. ***The Effect of Financial Literacy on Impulsive Buying Behavior Towards Online Food Delivery of Generation Z and Millennials in Indonesia with Media as A Moderating Variable*** **(2024)**

The research assessed the role of financial literacy and impulsive buying among Generation Z and millennial food delivery app users in Indonesia. Based on the data of 841 respondents, the study explored the connection between financial literacy, media use, and impulsive spending. The research is relevant to the present one because it analyses the relation between financial literacy level and the tendency to make unplanned purchases using food delivery apps.

2.2 Key Concepts

- **Monthly Food Expenditure:** Amount of money spent on food delivery applications by the consumers within a month.
- **Financial Awareness and Budget Planning:** The awareness of consumers about expenditures associated with the use of the application and their budgeting and tracking behaviour.

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- **Impulse Spending and Promotional Offers:** The tendency of the consumers towards unplanned purchases due to various promotional offers, notifications, and minimum purchase requirements that may mislead them into buying extra.

2.3 Theoretical Framework

2.3.1 Mental Accounting Theory

Mental accounting theory was advanced by Richard Thaler (1999) to demonstrate how individuals spend their money, according to their values. In relation to the food delivery apps, people may set aside a certain amount of funds for food, but end up exceeding the allocated budget because the online system allows them to order more than they initially intended. The mental accounting theory, therefore, helps explain how spending on food delivery might affect people's spending behaviours, in relation to other areas within their monthly budget.

2.3.2 Self-Control Theory

Self-Control Theory explains the challenges people face in resisting immediate satisfaction in favour of achieving far-reaching financial objectives. Food delivery applications are convenient and facilitate impulse buying, which poses the risk of overspending even by those who only intend to limit expenditures. The theory, therefore, helps explain the phenomenon of unplanned purchases, adherence to a budget, as well as people's ability to control their expenses of food delivery within a month.

2.3.3 Prospect Theory

The Prospect Theory was proposed by Daniel Kahneman and Amos Tversky in 1979. It describes the way people think about possible losses and gains when making choices. In relation to food delivery, such theories might be used to explain that customers, who see the value of the given discount, can make an unexpected spending spree. The main idea behind this theory is that it is possible to assume somebody's buying decisions and spending patterns on the basis of their expectations.

3.METHODOLOGY

3.1 Research Design

The paper includes a description of the research design. The study utilizes a quantitative research design that seeks to describe the financial implications of people using food delivery apps. A cross-sectional survey method was employed to gather information on the participants' monthly spending, finances awareness, budgeting, and response to promotional offers. The design was chosen because the study seeks to document trends and tendencies in the findings and not establish a cause-and-effect relationship between variables.

3.2 Population, Sample Size and Sampling Technique

The study's population consists of urban consumers who use or have used food delivery apps. The study was conducted among 105 respondents. A convenience non-probability sampling technique was used, which makes it possible to choose respondents based on their availability and interest in participating in the research. The questionnaire was distributed among college

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friends, family, and other people in the researcher's social circle. As a result, the study only represents the opinions of the respondents surveyed.

3.3 Research Instrument and Data Collection

Primary data were collected through a questionnaire, which was designed based on the objectives of the study. The questionnaire contained questions to elicit the demography of the respondents, amount spent monthly on food delivery apps, financial literacy, budgeting, promotional offers and changes to other planned expenses. The questionnaire comprised multiple choice, categorical, yes/no and Likert-scaled questions. Secondary data comprised articles and research papers used to develop the background of the study, review of related literature and theoretical framework.

3.4 Data Analysis Techniques

The gathered responses were organised and analysed using the descriptive statistical techniques. The frequencies and percentages were used to summarise the categorical responses while the mean, median, mode and ranking were applied where appropriate to interpret spending patterns and responses to scaled questions. The tables and graphs were used to present the results clearly. The analysis was conducted objective-wise to maintain the alignment between the research objectives and the findings.

3.5 Limitations of the Study

The study has several limitations. Firstly, convenience sampling was used, which means that the results cannot be generalized to the broader population. Moreover, the sample consisted of younger people. The results were based on self-reported information and perceptions since the urban residency of the participants was not evaluated. Finally, the change in the total food expenditure was assessed via a statement rather than calculating the numbers or comparing the expenditures before and after. Thus, the results should be considered as indicating respondents' claims and patterns rather than proving the changes caused by the use of food delivery apps.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Respondent Profile

Table 1: Age distribution of respondents

Age Group	Frequency	Percentage %
Below 18	7	6.7
18–25	76	72.4
26–40	6	5.7
41–60	15	14.3
Above 60	1	1.0
Total	**105**	**100.00**

Interpretation: Most of the participants (72.4%) were aged between 18 and 25. Only 14.3% of the respondents were aged between 41 and 60, and other age groups comprised only a small percentage of the sample. This data finding may be significant, as younger people tend to be more open-minded and innovative.

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ISSN: 2278-0181
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Table 2: Gender distribution of respondents

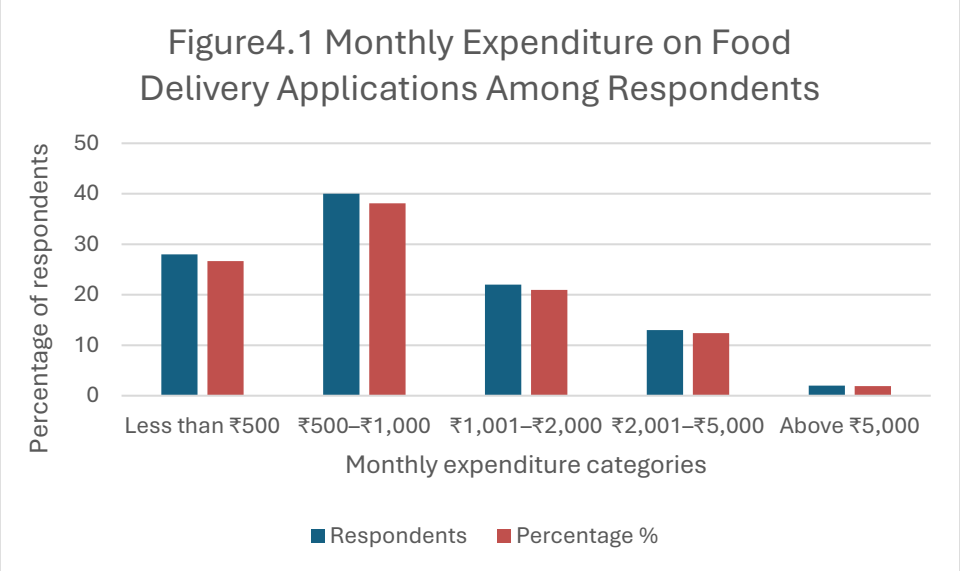
Gender category	Frequency	Percentage %
Female	59	56.2%
Male	44	41.9%
Prefer not to say	2	1.9%

Interpretation: The majority of the respondents were females (56.2%), while 41.9% were males. Also, 1.9% did not want to disclose their gender. Therefore, the sample size contains respondents with differing gender, but the data cannot be used to make comparisons between the groups.

4.2 Monthly Food Expenditure

Table 3: Monthly expenditure on food delivery apps

Monthly Expenditure	Respondents	Percentage %
Less than ₹500	28	26.67
₹500–₹1,000	40	38.10
₹1,001–₹2,000	22	20.95
₹2,001–₹5,000	13	12.38
Above ₹5,000	2	1.90
Total	**105**	**100.00**



Interpretation: The results of the analysis indicate that most respondents (38.1%) spend between ₹500 and ₹1000 on food delivery applications. At the same time, 26.7% spend below ₹500, while 21.0% spend between ₹1001 and ₹2000. Finally, 14.3% spend more than ₹2000 on these platforms. In this case, it is evident that the mode and median of the surveyed spending rates are between ₹500 and ₹1000. Thus, the majority spend between ₹500 and ₹1000.

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Table 4: Respondents' Perception of Increase in Overall Monthly Food Expenditure

Response	Number of Respondents	Percentage %
Strongly Agree	25	23.81
Agree	35	33.33
Neutral	38	36.19
Disagree	2	1.90
Strongly Disagree	5	4.76
Total	**105**	**100.00**

Interpretation: The results of the study suggest that 57.1% of respondents either strongly agreed or agreed that their overall monthly food expenditure has increased since they started using food delivery applications. At the same time, 36.2% of respondents remained neutral about the issue, while 6.7% either disagreed or strongly disagreed. Therefore, the majority of respondents believe that their overall monthly food expenditure increased since they started using the on-demand services of food delivery companies. Nevertheless, it is impossible to claim, based on the data, that the usage of those services actually changed their expenditure.

4.3 Financial Awareness and Budgeting Habits

Table 5: Self-Reported Financial Awareness

Response	Frequency	Percentage %
Very aware	42	40.00
Somewhat aware	34	32.38
Neutral	21	20.00
Not very aware	8	7.62
Not aware at all	0	0.00
Total	**105**	**100.00**

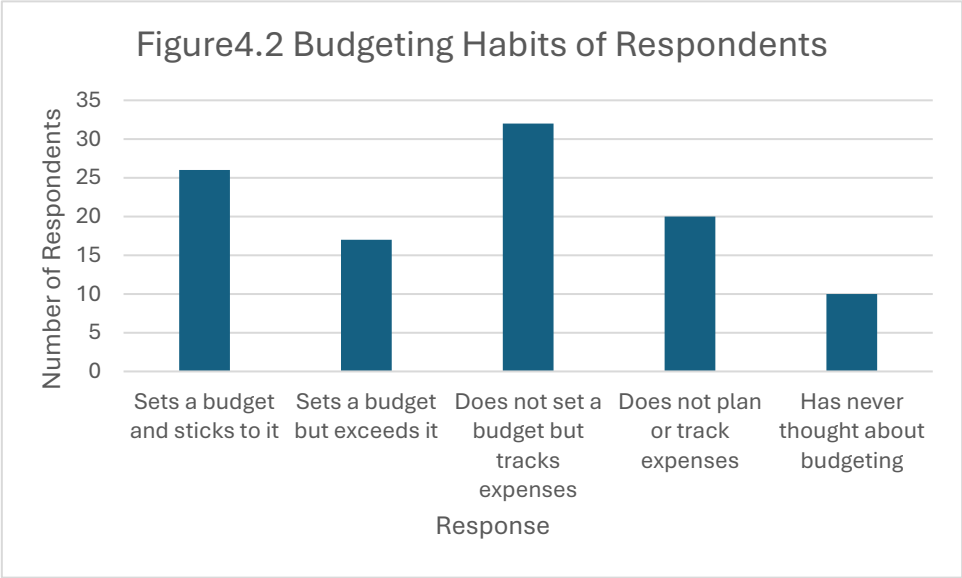
Interpretation: According to the results, 40% of the respondents are very aware of their spending and plan and track their expenditures. At the same time, 32.38% of the respondents are somewhat aware and have a general idea of where their money goes. 20% of the respondents are neutral towards their awareness of spending, 7.62% of the respondents are not very aware of their spending, and none of the respondents opted for the statement "Not aware at all." Thus, based on the results, it can be concluded that the majority of the respondents are at least somewhat aware of their expenditures. However, having general awareness and tracking of one's spending does not necessarily mean that they have consistent budgeting and do not go overboard with food delivery services.

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Table 6: Budgeting Habits

Response	Frequency	Percentage %
Sets a budget and sticks to it	26	24.76
Sets a budget but exceeds it	17	16.19
Does not set a budget but tracks expenses	32	30.48
Does not plan or track expenses	20	19.05
Has never thought about budgeting	10	9.52
Total	**105**	**100.00**



Interpretation: Based on the pie chart, 30.48% of respondents do not set a budget but track their expenses, which is the highest category. Therefore, it can be concluded that the tendency to set a budget and track the money is not a frequent occurrence among the respondents surveyed. In addition, 24.76% of surveyed individuals set a budget and stick to it, and 16.19% set a budget but exceed it. On the other hand, 19.05% of the respondents do not plan and track their expenses, and 9.52% have never thought about budgeting

4.4 Influence of Promotions and Spending Thresholds

Table 7: Respondents' Views on Whether Minimum-Order Requirements Encourage Them to Order More Food Than Needed

Response	Number of Respondents	Percentage %
Strongly Agree	19	18.10
Agree	29	27.62
Neutral	37	35.24
Disagree	19	18.10
Strongly Disagree	1	0.95
Total	**105**	**100.00**

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Interpretation: The results suggest that the minimum order requirements can lead the consumers to buy more food rather than they initially intended. Indeed, 45.71% of respondents agreed or strongly agreed with this statement, while 35.24% remained neutral. Thus, it can be concluded that the statement resonates differently among the participants. It implies that minimum order requirements might have a negative impact on the customers' budgets since they might spend more than they intended to due to a higher minimum price.

Table 8: Respondents' Views on the Influence of Promotional Notifications on Unplanned Food Expenditure

Response	Number of Respondents	Percentage %
Strongly Agree	11	10.48
Agree	31	29.52
Neutral	36	34.29
Disagree	18	17.14
Strongly Disagree	9	8.57
Total	**105**	**100.00**

Interpretation: The results suggest that 40.00% of respondents either agreed or strongly agreed that they were influenced to make unplanned food purchases due to receiving discount notifications, while 34.29% remained neutral. It could be assumed that marketing notifications affect the consumers' habits and force them to purchase unplanned items. As a result, the monthly spending on food items could increase, and it might become harder to adhere to a strict budget. However, it should be noted that the influence was not unanimous across all respondents.

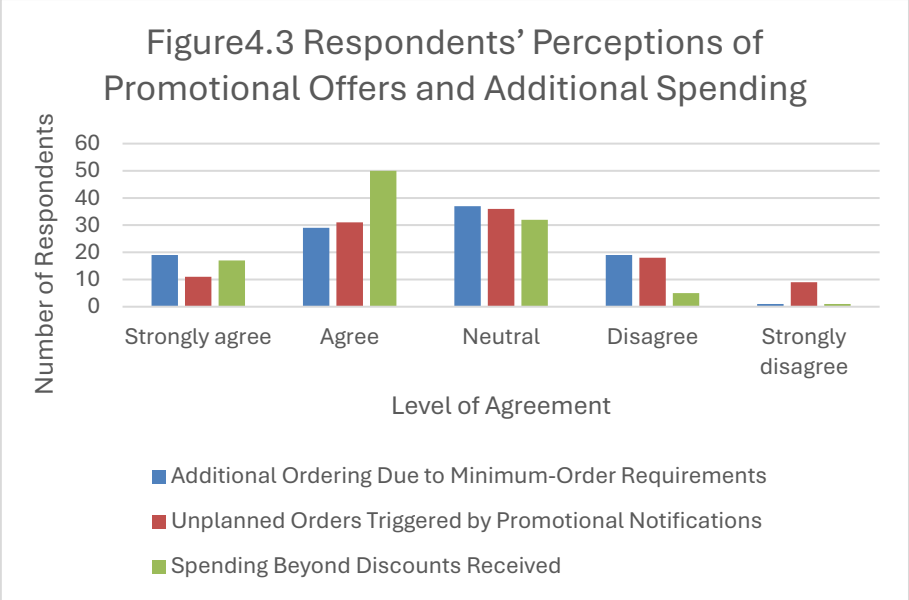
Table 9: Respondents' Views on the Financial Implications of Spending to Obtain Discounts

Response	Number of Respondents	Percentage %
Strongly Agree	17	16.19
Agree	50	47.62
Neutral	32	30.48
Disagree	5	4.76
Strongly Disagree	1	0.95
Total	**105**	**100.00**

Interpretation: The results suggest that 63.81% of respondents either agreed or strongly agreed that the amount of money they would have to spend to get a benefit would be too much. This means that in the calculation of costs, people are guided more by the comparison of expenditures and benefits obtained. Accordingly, the necessity of making expenditures that are generally not planned but only to receive a discount should be compared with the size of the discount. It is significant for controlling food costs.

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Interpretation: Overall, the results reflect that promotional offers and minimum-order requirements have the most impact on urban customers in terms of extra spending and monthly budget allocation. The high response to spending extra to avail discounts shows that people are more conscious of the possibility that a promotional deal might require additional spending. Therefore, it is essential to consider the value of the whole order, not just its discounts.

5. CONCLUSION AND RECOMMENDATION

This study aimed to assess the influence of the food delivery application on the monthly expenditure and budgeting of urban consumers. The results of the research suggest that food delivery apps tend to increase the amount of money spent on food. This is explained by the fact that promotional notifications and minimum order thresholds encourage customers to make unplanned and additional purchases. Even though most of the respondents indicated that they are aware of their expenditures, only a small percentage of them adhered to the established budgeting rules. Thus, the current state of affairs suggests that more attention should be paid to the necessity of proper budget allocation and monitoring.

The results of the study offer a variety of recommendations for the consumers' expenditure on food. First of all, customers should set a specific budget for their monthly or weekly expenditures and adhere to it. Since some of the respondents indicated that they often monitor their spending, but do not set a particular goal, a fixed allocation of funds for food items may be beneficial for them. Moreover, it is crucial to carefully assess whether the additional items in the minimum-order threshold are required or not. Furthermore, it is vital to calculate whether the discount on the chosen menu item is worth the purchase or not. Finally, the respondents should refrain from making unplanned purchases under the influence of special promotions.

In general, the study indicated that consumers should be more careful about their expenditures and follow the rules of budgeting. A special allocation for food items purchased through food delivery apps should be established. Following these guidelines can make sure that people do not exceed their expenditures due to minimum-order thresholds or promotional offers.

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