

The Effects of Price Perceptions, Food Quality, and Menu Variations on Ordering Decisions and Their Impact on Customer Loyalty in Online Culinary Products

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Abstract

This study aims to investigate whether perceptions of price, quality of food, and menu variations have a significant effect on ordering decisions and their impact on customer loyalty in online culinary products among Millennials. Our study put more emphasize on improving the ordering decisions and consumer loyalty in culinary businesses. We utilize a Purposive Sampling technique, with as many as 100 respondents using proportional random sampling. The analytical method used is statistical-partial least squares by incorporating SPSS Version 24.00 and SmartPLS 3.0 software. The results showed that price perception had an insignificant effect on ordering decisions. In addition, food quality had a positive and significant effect on ordering decisions. Meanwhile, menu variations produced an insignificant effect on ordering decisions. Similarly, menu variations showed an insignificant effect on ordering decisions. Price perception had a positive and significant effect on customer loyalty, while both food quality and menu variations had an insignificant effect on customer loyalty. Ordering decisions had a positive and significant effect on customer loyalty.

Keywords

price perceptions; food quality; menu variations; ordering decisions; customer loyalty; online culinary products



I. Introduction

Today, digital or online businesses are starting to grow, including the food ordering business where we can order food using smartphone applications. Ordering food can be done anywhere and anytime, without directly coming to the store or the mall (Hidayatullah et al., 2018).

One area that does not escape the above phenomenon, where a modern pattern of life demands everything to be more accessible and more practical, is in several cities of DKI Jakarta and Tangerang Raya, which Millennials carry out. The rise of similar culinary businesses requires business people to make their business look different to attract consumers to visit and try it to maintain business continuity. One way to achieve company goals is to know the needs and wants of consumers or target markets and what consumers expect. In this case, marketing strategies play an essential role.

Rifa'i (n.d.) research results showed that if the quality of service, location, and menu variations are built or appropriately managed, it will further improve purchasing decisions at Airin Kebumen food stalls.

Based on the research results by Gumelar et al. (2016), it is known that service quality, menu variations, and prices have a significant effect on purchasing decisions, either partially

or simultaneously. The independent variable that has the most important influence on buying decisions is the price variable.

The research results by Mustaqim & Amboningtyas (2017) revealed that food variety has a positive and significant impact on customer satisfaction. Food business owners need to know the factors that influence purchasing decisions to affect customer satisfaction, including food, service, and atmosphere variations. According to Priansa in Nusjirwan (2020) "Implementation of communication activities to customers within the company is carried out formally, however, currently there are also companies that practice their communication activities to consumers in an informed manner so that they can explore in-depth information from customers". Regarding the background, this research considers the customer value as an important element for an industry, both in service and manufacture. Moreover, the maximum customer value can be made only if positive influence of marketing and individual environment association does exist (Kusumadewi, 2019). The quality of products that are in great demand by consumers can be seen from several factors including packaging, price, quality, and benefits obtained by consumers (Romdonny, 2019).

II. Review of Literature

2.1 Millennial Generation

According to Yuswohady (2016) in the Millennial Trends article, the millennial generation is the generation born in the early 1980s to 2000. This generation is often referred to as Gen-Y, Net Generation, Generation WE, Boomerang Generation, Peter Pan Generations, etc. They are called the millennial generation because they are the generation that lives at the turn of the millennium. Simultaneously, digital technology began to penetrate all aspects of life in this era.

Based on the research results from Stillman (2003), Generation Y is known as the millennial generation or millennium. The phrase Generation Y began to be used in editorials of major United States newspapers in August 1993. This generation uses many instant communication technologies such as email, SMS, instant messaging, and social media such as Facebook and Twitter, IG, and others. So, in other words, Generation Y is the generation that grew up in the booming internet era.

2.2 Price Perception

According to Kotler & Armstrong (2015), perception is a process carried out and used by individuals to select, organize, and interpret information input to create a meaningful picture of the world. Customers' expectations and perceptions are formed from their own experiences with the same situation, recommendations from friends or institutions (mass media, experts, government, consumer institutions, and others). Then the price is the amount of value charged for a product or service, or the sum of the values exchanged by consumers for the benefits of having or using the product or service (Kotler & Armstrong, 2015).

The indicators of price perception, according to Kotler & Armstrong (2015), are as follows:

1. Price affordability is consumers' purchasing power or ability at prices set by producers.
2. Competitive price with similar products is the company's ability to adjust the price of its product with the price of similar products in the market.
3. According to consumer predictions, prices are prices under consumer expectations, such as the quality of an item's product, and the price can satisfy consumers.

1. Price as an indicator of quality is the amount of money spent by the buyer in a certain amount for a product adjusted to the quality of the product purchased.
2. The set price period is the period needed to set the price of a product.

2.3 Food Quality

According to Kotler & Keller (2012), product quality is a characteristic of a product or service capable of bearing promises or insertions to satisfy customer needs. Gaman & Sherrington (1996), Jones et al. (2001), and West et al. (2006) stated that broadly the indicators of food quality consist of 1) color, 2) appearance, 3) portion 4) shape, 5) temperature 6) texture 7) aroma 8) ripe level 9) taste.

Davis et al. (2018) states that there are seven dimensions of food product quality, namely:

1. Portion in each serving of food, a standard portion has been determined, called the Standard Portion Size.
2. Taste The taste points on the tongue are sweet, sour, salty, bitter.
3. Texture: Food texture is usually smooth or not, liquid or solid, hard or soft, dry or moist.
4. Aroma Reaction of food that will affect consumers before enjoying the food.
5. The color of the food ingredients must be combined not to look pale because the color combination affects the consumer's appetite.
6. The temperature of the food served must be appropriate. The temperature can affect the taste of food.
7. In the presentation of food, the freshness, and cleanliness of the food served will affect the appearance of the food itself.

2.4 Menu Variations

One of the critical elements in the culinary business competition is the variety of menus provided by restaurants. Therefore, the company must make the right decision regarding the types of menus sold. The service offerings from restaurants for a variety of cuisines in the sense of a complete menu ranging from taste, types of food and drinks, and product availability at any time as indicated, will be able to attract consumers' attention to make a purchase and make it easier for consumers to choose and buy various kinds of menus according to their wishes.

Kotler & Keller (2012) also says that product completeness is the availability of all types of products offered to be owned, used, or consumed by consumers produced by a producer. It is hoped that by presenting a varied food and beverage menu, the task of marketing is not finding the right customer for a product, but rather finding the right product for the customer. Consumers, each of which has differences in taste and preference for shape or taste (Rifa'i, n.d.).

The composition of the food ingredient groups in one dish is different at each serving. This study uses indicators of the menu varies according to Kotler & Keller (2012), namely:

1. The products sold have various sizes, variants, and flavors.
2. Menu innovation.
3. Products meet consumer tastes

2.5 Order Decision

In the evaluation stage, the consumers from preferences among the brands in the choice set and may also from an intention to buy the most preferred brand (Kotler & Keller, 2016). It means that purchasing decisions are the process of consumers forming preferences among the

existing brand choices and forming intentions to buy the most preferred brand. This purchase decision can be influenced by several factors such as price, product quality, and brand image will examine the brand image in this study.

Kotler & Keller (2016) states that purchasing decisions have indicators, namely:

1. Product choice
Consumers can decide to buy a product or use their money for other purposes. In this case, the company must focus its attention on people interested in purchasing a product and alternatives.
2. Brand Choice
Consumers have to make decisions about which brands to buy. Each brand has its differences. In this case, the company must know how consumers choose a trusted brand.
3. Dealer choice
Consumers have to decide which one to visit. Each consumer is different in terms of choosing a distributor. This can be due to close location, low prices, a complete inventory of goods, convenience of shopping, the spaciousness of the place, etc.
4. Purchase Amount (Amount of purchase or quantity)
Consumers can decide how much of a product to buy at a time. Purchases made may be more than one type of product. In this case, the company must prepare the number of products according to the different wishes of the buyers.
5. Payment method
Consumers can make decisions about the payment method used in making consumer decisions to use products or services. Currently, purchasing decisions are not only influenced by culture, environment, and family aspects.

2.6 Customer Loyalty

According to Kotler & Keller (2012), loyalty is a deeply held commitment to repurchase or subscribe to a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause consumers to switch to another product. Suppose the product cannot satisfy the customer, the customer will react by exit (the customer declares to stop buying the brand or product) and voice (the customer expresses dissatisfaction directly with the company).

A loyal or loyal consumer will show buying behavior that tends to be influenced by full awareness and consideration in making purchasing decisions (Griffin, 2003). The indicators of loyalty are the following:

1. Makes regular repeat purchase
Loyalty refers more to the behavioral form of the decision-making units to make continuous purchases of the goods or services of a selected company. The level of satisfaction will influence them to repurchase.
2. Purchase across product and service lines
This means that the desire to buy more than the products and services that have been offered by the company, customers who already believe in the company in one matter will also feel the same on other issues.
3. Refers other
Loyal customers will voluntarily recommend products to friends and colleagues.
4. Demonstrates an immunity to the full of the competition
Consumers are not easily influenced by the competitive pull of other similar companies.

2.7 Conceptual Framework

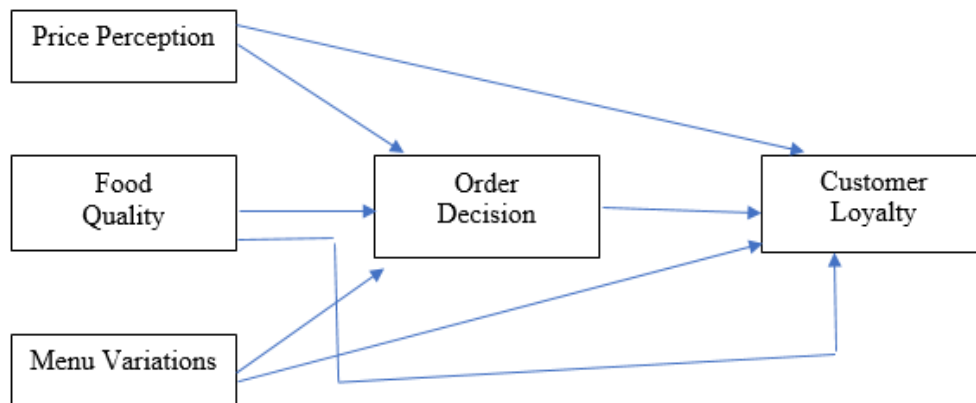


Figure 1. Conceptual Framework

2.8 Hypothesis

The hypotheses in this study include:

- H1. There is a significant effect of price perception on the decision of Millennials ordering
- H2. There is a significant effect of food quality on the decision of Millennials ordering
- H3. There is a significant effect of menu variations on the decisions of Millennials ordering
- H4. There is a significant effect of influence of price perception on millennial customer loyalty
- H5. There is a significant effect of food quality on millennial customer loyalty
- H6. There is a significant effect of menu variations on millennial customer loyalty
- H7. There is a significant effect of ordering decisions on millennial customer loyalty.

III. Research Methods

The population used is Millennials as customers and customers of culinary products. The sample studied by the researcher was as many as 85 Millennials who ordered food both offline and online. For the current research, the researcher uses a purposive sampling technique which is a non-probability sampling technique where the opportunity for each individual to become a sampling is not the same. Questionnaires will be given to customers of culinary products, in this case, who are considered Millennials.

According to Ferdinand (2014), data analysis was carried out for presenting empirical findings in the form of descriptive statistical data that explained the characteristics of respondents, especially about research variables used in hypothesis testing and inferential statistical analysis used to test research hypotheses. After that, it can conclude. The data analysis method used is the descriptive analysis method, and the researcher uses the Structural Equation Modeling (SEM) technique using SmartPLS 3.0 software for Windows.

IV. Discussion

4.1 Results

a. Inner Model Evaluation

The evaluation of the inner model in the partial least square analysis is carried out to determine the suitability of the structural model that has been prepared. The review of the inner model will describe the value of R-squared (R^2) and test the research hypothesis.

b. R-square

Based on data processing with PLS, the value of the coefficient of determination (R^2 square) is generated in Table 1.

Table 1. Value of *R-square Model*

Variabel	R-Square
Ordering Decision	0.766
Customer Loyalty	0.808

Source: Data processed with SmartPLS3.0

R-square is used to determine the goodness of fit model of the effect of exogenous variables on endogenous variables, where the higher the R-squared value, the more significant the impact will be (Ghozali, 2014). It is known that the R-squared value for the ordering decision variable is 0.766, which means that the perception of price, food quality and menu variations of culinary products can explain ordering decisions by 76.6%. For the R-squared value of the customer loyalty variable, a value of 0.808 is obtained, which means that perception of price, food quality and menu variations of culinary products can explain customer loyalty by 80.8%.

Overall the measure of goodness of the PLS structural model is known from the value of Q^2 generated by the model and also its parameter estimates. The higher Q^2 , the model can be said to be more fit with the data (Ferdinand, 2014). The following is the calculation of Q^2 on the structural model:

$$\begin{aligned}
 Q^2 &= 1 - (1-R_1) (1-R_2) \\
 &= 1 - (1-0.766) (1-0.808) \\
 &= 1 - (0.045) \\
 Q^2 &= 0.955
 \end{aligned}$$

Based on the calculation results obtained the value, that the value of Q^2 is 95.5%. The value of Q^2 shows that the preparation of the PLS model has explained 95.5% of the diversity of ordering decisions and customer loyalty.

c. Inner Weight

Evaluation of the inner weight is used to see the magnitude of the influence on each path of the structural model, where the values obtained are the bootstrapping results from the existing sample. Evaluation of the inner weight is used to see the magnitude of the influence on each path of the structural model, where the values obtained are the bootstrapping results from the existing sample.

Table 2. Effects between Variables in Structural Equations & Hypothesis Testing

Hypotheses	Relations	Original Sample	t Statistics	p-value	Results
H ₁	Price perceptions → Order decision	-0.085	0.850	0.396	Rejected
H ₂	Food quality → Order decision	0.995	9.268	0.000	Accepted
H ₃	Menu variations → Order decision	-0.087	0.670	0.503	Rejected
H ₄	Price perceptions → Customer loyalty	0.937	10.085	0.000	Accepted

H ₅	Food quality → Customer loyalty	-0.115	0.761	0.447	Rejected
H ₆	Menu variations → Customer loyalty	-0.123	0.953	0.341	Rejected
H ₇	Order decision → Customer loyalty	0.225	2.181	0.030	Accepted

4.2 Discussion

a. Perception of Price on Ordering Decisions

The results showed a significant but not significant effect of price perception on ordering decisions. These results are supported by the theory of Kotler & Keller (2012), purchasing decisions, namely consumers form preferences between brands in a collection of choices. Consumers may also create an intention to buy the most preferred culinary product. This means that ordering decisions are made after determining the attitude of a collection of choices based on the perception of prices applied to culinary products.

b. Food Quality on Ordering Decisions

The results showed that food quality positively and significantly affected ordering decisions. These results are supported by the theory of Potter & Hotchkiss (2012) food quality is a quality characteristic of food that is acceptable to consumers, such as size, shape, color, consistency, texture, and taste. Delicious and fresh food play an essential role in surpassing the competitors. This means that good quality food by what consumers want will be the reason consumers decide on these foods (Halimah et al., 2021).

c. Menu Variations on Ordering Decisions

The results showed an effect of menu variations but were not significant on ordering decisions. This is supported by the theory of Kotler & Keller (2012), where product completeness is the availability of all products offered to be owned, used, or consumed by consumers produced by a producer. This means that a varied menu will be a different reason for consumers to order. Therefore it becomes a driving force for marketers, especially in culinary fields, to provide diverse menu variations so that consumers continue to place orders (Gumelar et al., 2016).

d. Perception of Price on Customer Loyalty

The results showed that price perception positively and significantly affected customer loyalty. This is supported by Rangkuti (2009) that perceptions of price are measured based on customer perceptions, namely by asking customers what variables he thinks are most important in choosing a product, for example for food products, the variables include: raw materials, taste, durability, and manufacturing process. This means that customers will continue to compare it with prices offered by other brands in the same product class, other characteristics of the observed brand, different brands, and additional consumer costs. This process will then form an attitude towards various alternative prices (Fergian & Amarul, 2016).

e. Food Quality on Customer Loyalty

The results showed that food quality had an effect but was not significant on customer loyalty. Potter & Hotchkiss (2012) research supports these results in which food quality is an indicator of the quality of food acceptable to consumers, which can be in the form of size, shape, color, consistency, texture, and taste. Food quality standards are difficult to define and cannot be measured mechanically but can be evaluated through their nutritional value, level of ingredients used, taste, and product appearance. This means that culinary entrepreneurs must present culinary products according to customer tastes (Rizkiyah et al., 2021).

f. Menu Variations on Customer Loyalty

The results showed that the effect but not the significant variation of the menu on customer loyalty. This is in line with the theory of product diversity (Engel et al., 1995). According to them, product diversity is the completeness of the product regarding the depth, breadth, and quality of the products offered and the availability of these products (Engel et al., 1995). A place to eat that provides a menu that is quite a lot and varied so that consumers can choose the menu according to their taste. It is essential for places to eat to serve a diverse menu because there is a tendency in consumers who want a variety of choices. With the various menus provided, it is hoped that it can encourage consumers to buy food that meets their tastes in dining.

g. Ordering Decisions on Customer Loyalty

The study results indicate that the ordering decision has an effect and is significant on customer loyalty. This is in line with Paramita et al. (2010) research. According to them, purchasing decisions are processes that include determining what to buy or not to buy, and the decisions are obtained from previous activities (Diansyah & Putera, 2017). Purchasing a product and providing more value allows customers to support the preferred product, affecting customer loyalty.

V. Conclusion

The conclusions in this study are:

1. Price perception has an effect but is not significant in ordering decisions. This means that ordering decisions are made after determining the attitude of a collection of choices based on the perception of prices applied to culinary products.
2. Food quality has a positive and significant effect on ordering decisions. Food quality, which is sometimes associated with color, consistency, texture, and taste, is why consumers place an order. Delicious and fresh food play an essential role in surpassing the competitors. This means that good quality food by what consumers want will be the reason consumers decide on these foods.
3. Menu variations affect but are not significant in ordering decisions. This means that a varied menu will be a different reason for consumers to order. Therefore it becomes a driving force for marketers, especially in culinary fields, to provide diverse menu variations so that consumers continue to place orders.
4. Price perception has a positive and significant effect on customer loyalty. This means that customers will continue to compare it with prices offered by other brands in the same product class, other characteristics of the observed brand, different brands, and additional consumer costs.
5. Food quality is influential but not significant to customer loyalty. Food quality standards can be evaluated through the nutritional value, level of ingredients used, taste, and appearance of the product. This means that culinary entrepreneurs must present culinary products according to customer tastes.
6. Menu variations effect but not significant menu variations on customer loyalty. A place to eat that provides a menu that is quite a lot and varied so that consumers can choose the menu according to their taste. It is essential for places to eat to serve a diverse menu because there is a tendency in consumers who want a variety of choices. With the various menus provided, it is hoped that it can encourage consumers to buy food that meets their tastes in dining.
7. Ordering decisions have a significant and significant effect on customer loyalty. Customers ordering culinary products will look for some information and then make

choices according to their needs and purchasing power. Culinary product marketers must provide what customers need more than their competitors so that customer loyalty from their culinary products will naturally form.

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