Consumer Purchase Decisions on Food andBeverage Delivery Services on the GoFood Application

1st Muhammad Saputra
Faculty of Economics and Business
Institute of Informatics and Business (IIB) Darmajaya
Bandar Lampung, Indonesia
muhammadsaputra@darmajaya.ac.id

2nd Cahyani Pratisti*
Faculty of Economics and Business
Institute of Informatics and Business (IIB) Darmajaya
Bandar Lampung, Indonesia
cahyanipratisti@darmajaya.ac.id*corresponding author

3rd Novita Sari
Faculty of Economics and Business
Institute of Informatics and Business (IIB) Darmajaya
Bandar Lampung, Indonesia
novi_a2g@darmajaya.ac.id

4th Niken Paramitasari
Faculty of Economics and Business
Institute of Informatics and Business (IIB) Darmajaya
Bandar Lampung, Indonesia
nikenparamitasari@darmajaya.ac.id

Abstract—*This study aims to determine the effect of price discounts and online customer ratings on consumer decisions to use GoFood aplication for food and beverage delivery services. This type of research was associative qualitative research. The sampling method used non-probability sampling with a purposive sampling technique and 140 respondents obtained. The data analysis method used Partial Least Square (PLS). The results indicated that both partial or simultan the price discount and online customer ratings affect the consumer purchasing decisions on food and beverage delivery services on the GoFood application.*

Keywords— Price discount, Online customer ratings, Purchase decision

I. INTRODUCTION

The online food and beverage delivery service is a potential business along with the increasing penetration of internet users. Based on the latest APJII survey, in 2018, internet penetration in Indonesia was at 64.80% and in pandemic period (2019-2021) increased to 73.70%. GoFood is one of the services provided by Gojek that focused on fooddelivery. GoFood has been around since 2015 and has more than 125,000 restaurants in various cities in Indonesia. Business line in a market, the GoFood application competes with several major platforms and Gofood was not only online culinary platform that provides online food and beverage delivery services. Based on value of food-delivery service transactions in Indonesia in 2022 compiled fromdatabooks.katadata.co.id shows that the transaction value of GoFood-to-order services was superior than its competitors.

The transaction value of Indonesian Food Delivery Services, according to Tenggara Strategics research involved 1,200 respondents in six cities, showed that GoFood is the online food delivery service with the largest transaction value in Indonesia. GoFood had a transaction value of IDR 30.65 trillion. This transaction value outperforms ShopeeFood and GrabFood. The highest value of GoFood compared with its competitors is a phenomenon that is interesting to study. To see why consumers choose GoFood, this research conducted a pre-survey of 30 users of GoFood. There were tend to two variables were price discount and online customer rating. Discount is special price that give only in certain situations that encourage companies to attract more consumers in shopping [25]. In general, price discount is able to influence consumers to decide to buy or not buy a product [12].

In online purchasing context, the prospective customers usually compare prices with various competitors to check the best price, so the discount price can influence consumers to make purchasing decisions [10]. the price discount have an effect on purchasing decisions. concluded that price discount has no significant effect on purchasing decisions at Matahari Department Store Pasar Besar Malang
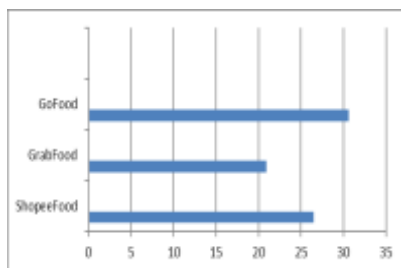
Picture 1. *Transaction Value of Indonesian FoodDelivery Services (2022)*
Source: databooks.katadata.co.id (2022)

The online customer ratings is part of a review uses the star symbol rather than text in expressing opinions from customers [11]. In online purchasing context, the rating considered a measure of quality because the number of stars can be associated with the quality product [23]. If the product has five or full stars, the good or services usually good and meet consumer expectations [23]. In general, consumers buy products through online when the product has a high rating and its can help consumers to make purchasing decisions. Research conducted [15] shows that there is a strong relationship between online customer rating and consumer marketplace purchasing decisions. Shows that online customer ratings do not affect purchasing decisions[20].

Facing business competition, companies must be able to adjust or understand the consumer behavior changes,especially amid high internet usage which will have an impact on Indonesian consumer behavior changes, one of which is in terms of shopping or making purchasing decisions.

II. THEORETICAL BASIS

A. Purchase decision

Purchase decisions is conditions when consumers make decisions on purchasing a product after considering information related to whether the product is feasible or not. Purchasing decision is the key to consumer behavior because consumers take action after consuming or using the products and services needed. Argues that purchasing decisions is the way for consumers to make choices that is in accordance with their needs, expectations and desires which will lead to feelings of satisfaction and dissatisfaction with the products purchased[21].

Indicators of purchasing decision are:
1. Brand selection
2. Product selection
3. Selection of place/time
4. Choice of payment method

B. Discount Price

Price is the amount of money that must be spent by consumers to get goods, services, even both [27]. According to price is a measure of monetary units (goods and services) that are exchanged for the sake of obtaining ownership rights to the products they buy [3]. A price discount is a reduction to a predetermined price. This is due to the fulfillment of the conditions set by the buyer [10]. discounts given under certain conditions provide many benefits for both companies and consumers. Discounts are one of the business strategies implemented by business people. The price discount strategy is implemented with the main objective of maintaining the circulation of money [28]. The purpose of the company is to impose price discounts in order to increase the overall sales of the Producer [6]. Discounts are the most widely used sales promotion, to attract consumers to make purchases. the discount price indicators include [10]:
1. Withdrawal of the discount program.
2. The accuracy of the discount program in influencingpurchases.
3. Frequency of discounted programs.

C. Online Customer Rating

Online customer rating is one way for prospective buyers to get information about sellers [15]. Online customer rating is part of the review which is represented by a star symbol with a function as an expression of opinions from customers about the products that have been used, [23]. An online application performance owned by producers can be seen from the like value obtained from consumers, The like value in question is a rating because it is usually displayed in the form of a 1-5 star score stated that this rating is a different type ofopinion given by many people and becomes an evaluation material for consumers regarding the different features of the seller's product or service [4]. Therefore, the existence of a rating in online buying and selling becomes a logical thing ifconsumers consider that the rating is a benchmark for the quality of a product [15]. online customer rating indicators are as follows:
1. Trustworthy
2. Honest
3. Professional
4. Useful
5. Fun
6. Interesting
7. Interest to buy in the app

III. RESEARCH METHODS

This study is a causal associative research that seeks to determine the effect or causal relationship between the independent variable (X) and the dependent variable (Y). Sources of data in this study using primary data. The data collection technique used a questionnaire with a Likert scale. The population in this study are consumers who use the GoFood application. Sampling in this study used non-probability sampling with purposive sampling technique. The number of samples in this study depends on the number of indicators multiplied by 5 to 10 [8] where the number of samples in this study is 140 respondents. The data analysis method in this

study uses the PLS (Partial Least Square) approach. PLS is an equation model of Structural Equation Modeling (SEM) based on components or variants. PLS is an alternative approach that shifts from a covariance-based SEM approach to a variant-based approach. Covariance- based SEM usually tests the relationship/theory while PLS is more predictive model.

IV. RESULT AND DISCUSSION

A. Data Analysis

1. Outer Model Measurement Model

Convergent Validity/Discriminant Validity and Composite Realibility are three criteria used to assess the outer model in data analysis techniques with smartPLS. Reflection indicators from the measurement model are assessed based on the correlation between item scores/component scores estimated with PLS Software. Individual reflexive measures are said to be high if they correlate more than 0.70 with the construct being measured. However,for research in the early stages of developing a measurement scale for a loading value of 0.5 to 0.6 it is considered sufficient. In this study, a loading factor limit of 0.60 was used. In this study, the elimination or modification of the model was carried out. So the value of the entire loading factor is above 0.5. The following are the results of the structural model and its modifications in this study.
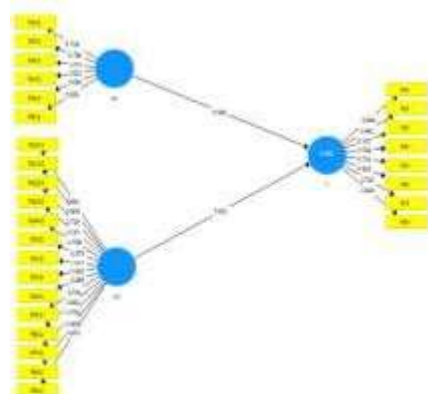
Picture 2. *Full Model Structural Partial Least Square*
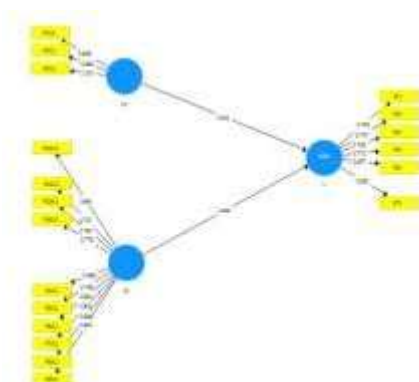
Picture 3. *Full Model Structural Partial Least Square*
Modific

ation

The results of processing using Smart PLS could see in the outer loading table. The loading value or the correlation between the construct and the variable shows that all loading factors in the Modified Partial Least Square image have a value above 0.50.

2. Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) value and the reliability value of each construct are use to see the validity and reliability criteria. If the composite reliability and AVE values for all variables are above 0.5, the construct have high reliability. The following are the results of the evaluation of the Average Variance Extracted (AVE) value in this study:

Table 1. Average Variance
Extracted

Variable	*Average Variance Model (AVE)*
Price discount	0,654
Online Customer Rating	0,570
Buying decision	0,524

Source: Output from Smart PLS Report

Based on the AVE table above, it could conclude that the AVE value is above 0.5 as the recommended criteria. Thus, it can state that each independent variable of price discount (X1), online customer rating (X2) and the dependent variable (Y) of purchasing decisions has gooddiscriminant validity.

3. Composite Realibility

The reliability test carried out by looking at the composite reliability value of the dimension block that measures the construct. The results of composite reliability will show a satisfactory value if it is above 0.7.This means that the data obtained is reliable, here is the composite reliability value at the output:

Table 2. *Composite Realibity*

Variable	*Composite Realibility*	*Conclusion*
Price discount	0,849	*Realible*
Online Customer Rating	0,915	*Realible*
Buying decision	0,868	*Realible*

Source: Output from Smart PLS Report

From table 2. The Composite Realibility, it can be seen that each construct or variable has a Composite Realibility value above 0.7 which indicates that the Interval Consistency of the independent variable of pricediscounts (X1), online customer rating (X2), and the dependent variable (Y) decisions purchase has good reliability.

4. Hypothesis Testing
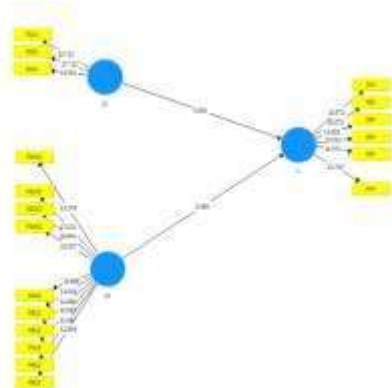
Picture 4. *Boostraping Model Modification Report*

The test of the inner model (structural model) aims to see the relationship between the construct, significance value and Rsquare of the research model. R-square was use to evaluate the structural model for the t-test dependent construct and the significance of the structural path parameter coefficients. In assessing the model with PLS, start looking at the R-square for each dependent variable

Table 3. *Nilai R-square*

Variable	R-square
Buying decision	0,461

Source: data analysis, 2022

Table 3 shows the value of the square R-Square for the independent variables, namely discount, online customer ratings on the dependent variable purchasing decisions obtained at 0.450. These results indicate that the purchase decision affected by price discount and the online customer ratings of 0.461 or 46.1% affected by other variables.

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the hypothesis is the value contained in the output result for innerweight. Hypothesis testing in this study uses a significance level of 5% or Alpha (0.05) following the results of the Path Coefficients test in this study:

Table 4. *Path Coefficients*

	Original Sample (O)	t Statistics (|O/ST/DEV|)	P Values
X1>Y	0,401	5,107	0,000
X2>Y	0,409	5,228	0,000

Source: data analysis, 2022

The results of hypothesis testing on the effect of the discounted variable on purchasing decisions, the path coefficient value of P Value is 0.000. If the P value compared with the Alpha value (0.05), it shows that the P Value is smaller than the Alpha value (0.05). Thus, the results of hypothesis testing state that the price discount variable affects consume's purchasing decisions on food and beverage delivery services in the GoFood application. The results of hypothesis testing in testing the first hypothesis in this study indicate that price discounts are the main thing that causes consumers and prospective consumers to buy products on GoFood.

The results of hypothesis testing the influence of the Online Customer Rating variable on purchasing decisions obtained the path coefficient value of P Value of 0.000. If the P value compared with the Alpha value (0.05), it shows that the value states that the Online Customer Rating variable influences consumer's purchasing decisions on food and beverage delivery services in the GoFood application. The results of hypothesis testing show that online customer ratings are something that can use as consumer considerations to make purchasing decisions.

V. CONCLUSION

Based on the results of data analysis and hypothesis testing, the effect of price discounts and online customer ratings on purchasing decisions for GoFood users can conclude as follows:

1. Price discounts affect consumer's purchasing decisions on food and beverage delivery services in the GoFood application.
2. Online customer rating affects consumer purchasing decisions on food and beverage delivery services in the GoFood application.

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