

**THE EFFECTS OF PRODUCT QUALITY AND PROMOTION  
ON CUSTOMER PURCHASE INTENTION ON FOODS OFFERED  
THROUGH ONLINE DELIVERY SERVICES**

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**Abstract:** Digitalization and pandemic COVID-19 have been creating new business phenomenon in Indonesia. Online food delivery sector has been tremendously growing since then. All F & B retail businesses regardless the size are expected to seize the opportunity and maximize the benefit of partnering with this kind of service to better reach customers. Moreover, for MSMEs online platforms allow them to compete attract wider segment of customers. This study aims to determine the effects of product quality and promotion simultaneously and partially on customer purchase intention on foods offered through online food delivery services. Using quantitative approach, data collected by distributing questionnaire to 102 users of online delivery services in Tangerang city via social media. The results of this study revealed that simultaneously product quality and promotion have positive and significant effect on purchase intention. While partially product quality has a positive but no significant effect and promotion has positive and significant effect on purchase intention. This study suggests that MSMEs should know how to post or display pictures of their foods in attractive ways on food delivery application and utilize various promotional tools to increase customer purchase intention.

**Keywords:** *Product Quality, Promotion, Purchase Intention*

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## **1. Introduction**

Digitalization and pandemic have been creating new business phenomenon in Indonesia. Along with the development of existing technology, pandemic COVID-19 becomes one of the reasons for rapid growth in online business. During the pandemic, people were getting used to shift their activities to online platforms due to safety reasons, making opportunities for online business inevitable. The world of marketing has been also experiencing major changes. World Economic Forum (2022) wrote that the pandemic has accelerated digitization significantly and the need for technology has increased significantly due to the Indonesian government's COVID-19

restrictions. Currently, there are 202 million internet users contributing \$70 billion to Indonesia's digital economy in 2021, with \$146 billion projected in 2025. Ricciuti (1995) explained that internet technology has changed the supply chain by improving collaboration and efficiency; adding value to products and firms. The rapid adoption of the internet as commercial medium has motivated firms to experiment with innovative ways of marketing in cyberspace. Besides being convenient for promotion, the costs incurred are also much lower than previous conservative marketing methods. Thus, online marketing is now widely used by business players including micro, small, medium enterprises (MSMEs) to market their products. On the other hand, according to Astuti & Nasution (2014) technology readiness of SMEs entrepreneurs is still moderate level.

Scholars have studied about factors influencing online shopping intention to better understand the mechanism of customer behaviour and intention to purchase products online (Wang, et.al, 2022; Nguyen, et, al. 2022; Fitri and Wulandari, 2020; Peña-García et.al, 2020). One example of digital transformation cases is ordering food via an online food delivery application. According to Tenggara Strategics as cited in Annur (2022) it shows that the majority of people in Indonesia have more than 1 food delivery application in their smartphones. The percentage reaches 72%. It means 7 out of 10 people in Indonesia will have more than 1 application to order foods online. The Jakarta Post (2022) added that Indonesia's market for food delivery services is the biggest in Southeast Asia, grew by 24.3 % in 2021. In order to grab this huge market and win the competition, business players should identify variables affecting online purchase intention. Product quality is one of the things that entrepreneurs should consider carefully in highlighting the distinguishing characteristics between their products and competitors. Kotler and Armstrong in Negara (2018:20) stated that product quality is basically the basic characteristics of a product that will meet the standard needs or feasibility of consumers. Low ratings due to poor product quality are still common, so you should pay attention to that.

In addition, it is also necessary to pay close attention to the strategy, because one of the advantages of a brand can be seen from how a product can be attractive and also recognized in its promotion. As Keller and Kotler explain in Irawan (2020:142) promotion is a communication activity that aims to expedite the flow of certain products, services or ideas in a distribution channel. This is an attempt to persuade potential customers to accept, buy, recommend or use the product being promoted. Providing promos without a good strategy will only make a loss instead of attracting consumers. Product quality and good promotion can increase purchase intention in the minds of consumers. Purchase intention is the stage where consumers seek information, compare and think about the possibility that the product to meet their needs. (Martono & Iriani, 2014: 690).

## **2. Literature Review**

### *2.1 Online Purchase Intention*

Wu, Lin, & Hsu (2011) stated that purchase intention indicates the possibility that a customer will be willing to purchase a certain product (goods/services) in the future. According to Kotler and Keller (2009) customer purchase intention is when customer has a desire to buy or choose a product, based on experience in choosing, using and consuming or even wanting a product. Purchase intention arises after an alternative evaluation process and in the evaluation process, a person will make a series of choices regarding the product to be purchased on the basis of brand or interest. Faisal-E-Alam (2020) argued that in this era customers are targeted by mass media and so they have the forces to change customers' way of thinking through emotions, needs, wants, and demands. As recently global customers actively purchase products through online platforms, many scholars have been studying about consumer's behaviour to identify factors that influence online purchase intention (Wang, et.al, 2022; Nguyen, et, al. 2022; Peña-García et.al, 2020). Akar & Nasir (2015) explained that technological developments and proliferation of the Internet introduce a new type of consumer called an online consumer. It is obvious that online consumers have various characteristics and behave differently from traditional consumers. Thus, it is important to understand consumer behaviour and online purchase intention.

Peña-García et.al (2020) explained that online purchase intention is the degree to which a customer is willing to buy a product through online store. Uwemi, Khan & Fournier-Bonilla (2016) argue that consumers in developed countries have become accustomed to using the Internet and have been benefited from online purchase through e-commerce platforms, and shifting their lifestyles. However, consumers in developing countries are used to face-to-face transactions; there are still group of consumers do not trust in electronic processes, and cannot afford the risk involved. This becomes a challenge for entrepreneurs to convince customers to purchase their products online. Product quality and the way we advertise or promote our products can become reasons to lead purchase intention (Estikowati, et.al, 2022; Park & Lennon, 2009).

### *2.2 Product Quality*

One of factors that a customer will consider before making a purchase is quality of the product. Wang, et.al (2021) found that product quality is the most important factor in influencing online fruit purchase intention. Since foods offered through online platforms can not directly seen, touched and tasted by customers, they will highly rely on other customers' reviews and ratings on the product. If the product has good reviews and ratings then will increase purchase intention of customer (Septiandari et al., 2021). According to Kotler and Armstrong in Negara, et.al. (2018), product quality is the ability of a product to perform its functions, it includes the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes which mean the ability of a product to perform its functions, including the overall

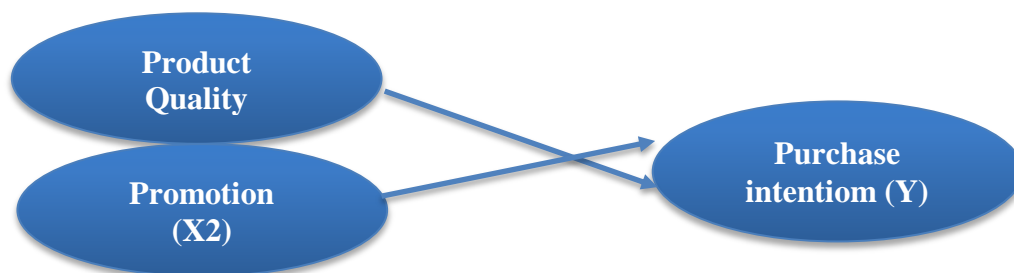
durability, reliability, accuracy, ease of operation and repair of the product as well as other product attributes. Tjiptono (2016: 134) indicated that product quality consists of 8 indicator such as: performance, features, reliability, conformance to specifications, durability, serviceability, aesthetics, and perceived quality. It can be concluded that product quality is a representation of the product's ability to perform its functions to meet customer expectations.

### *2.3 Promotion*

Previous studies have empirically proven that promotion influence purchase intention (Gorji & Siami, 2020; Kara & Yapkarli, 2017; Ye & Zhang, 2014). According to Alma in Irawan (2020), promotion is a type of communication that provides explanations and convinces potential customers about goods and services with the aim of getting attention, educating, reminding and convincing potential customers. Kotler and Armstrong (2019) stated that promotion is a program that provides information to consumers about product advantages. Promotions are important to inform consumers of the availability of a product, to generate public awareness of the marketing activities of a retailer, to encourage revisits to the retailer, and to increase customer loyalty (Bagozzi, 1998 in Park & Lennon, 2009). In the setting of online commerce, promotion plays important roles. Raghurir (2004) said that promotions are another useful tool used for cognitive evaluations of a product and purchasing decisions. Online retailers provide diverse sales promotions, such as free gifts, discounts, or free shipping to attract potential customers to their websites. Moreover, online shoppers tend to believe that product prices in online stores are often lower than in physical retail stores (Grewal et al., 2003).

According to Amstrong in Irawan (2020:144), there are several types of promotional activities, including: Advertising, face-to-face sales, publicity, sales promotion and direct marketing. Based on the definition description above, we can conclude that Promotion is a process of delivering information to the target market in order to convince customers about the superiority of a product.

Based on literature studies, we develop a theorethical framework and hypotheses of this study below:



Graphic 1: Theoretical Framework

Product quality and promotion simultaneously have positive and significant effect on purchase intention.

Product quality has positive and significant effect on purchase intention.

Promotion has positive and significant effect on purchase intention.

### **3. Research Methods**

This is a quantitative approach research. A self-administered questionnaire was developed based on indicators of variables studied in the literature review. There were 15 items constructed to answer the research objectives. Data collected by distributing questionnaire to 102 users of online food delivery services (*Grabfood, Gofood, travelokaeats, and shopeefood*) via social media. The validity and reliability of instruments of questionnaire were tested using Pearson correlation ( $r$ ) and cronbach's alpha respectively. The tests indicated that all instruments proposed were valid and reliable. The response rate for this study was 100%. Data then analyzed using multiple linear regressions in SPSS 26. The degree of confidence of this study is 95%.

### **4. Results and Discussion**

This research study would empirically provide useful knowledge for understanding the mechanism of how product quality and promotion affecting intention to purchase in online platform. As the data computed and analyzed with multiple linear regression, we can conclude that the equation of this model is :

$$Y = a + b1.X1 + b2.X2 + e$$
$$= 6.157 + 0.187.X1 + 0.536.X2 + 0.05$$

The interpretation of these numbers are:

a value of 6.157 is a constant or condition when the variable Y (purchase intention) is not influenced by other variables of this study, namely product quality and promotion.

b1 (regression coefficient value X1) of 0.187 indicates that variable X1 (product quality) has a positive influence on variable Y (purchase intention) which means that every 1 unit increase of product quality will affect purchase intention by 0.187; assuming other variables are not examined in this study.

b2 (regression coefficient X2) of 0.536 indicates variable X2 (promotion)) has a positive influence on variable Y (purchase intention), which means that every 1 unit increase in promotion will affect the purchase intention by 0.536, assuming other variables are not examined in this study.

To answer research objectives and hypotheses of this study, we run F test and t test to assess how product quality and promotion influence online purchase intention simultaneously and partially/individually.

Table 1. Summary of ANOVA Test

R	0.583
R square	0.340
Adjusted R Square	0.327
Ftable	3.09
F-value/sig.	25.518 / 0.000
ttable	2.276
t-value of X1 : 1.697	t-value of X2 : 4.886
sig. : 0.096	sig. : 0.000

Source : SPSS computation (2023)

As shown in table 1 above, F-value is 25.518 (sig. 0.000) > F-table 3.09; we can say that simultaneously product quality (X1) and promotion (X2) positively and significantly influence purchase intention (Y) on foods offered through online delivery services. The result supports previous studies (Estikowati, et. Al , 2022; Park & Lennon, 2009). Raghubir (2004) said that promotions are another useful tools used for cognitive evaluations of a product and purchasing decisions. Online retailers provide diverse sales promotions, such as free gifts, discounts, or free shipping to attract potential customers to their websites.

If we assess the influence of independent variables partially on dependent variable, interestingly it can be said that product quality (X1) ( $1.697 < 2.276$ ; sig.  $0.096 > 0.005$ ) positively but insignificantly influence purchase intention (Y) on foods offered through online delivery services. This result doesn't support Wang, et.al (2021) who found product quality as the most important factor in online fruit purchase intention in China. This can happen because customers can not directly see, touch, and taste the food before they purchase it. They highly depend on other customers' review, rating and the graphic / photo displayed in the application to influence intention to purchase. As Septiandari, et.al (2021) said that online consumers highly rely on other customers' reviews and ratings on the product. If the product has good reviews and ratings then will increase purchase intention of customer.

In line with previous studies, promotion (X2) ( $4.886 > 2.276$ ; sig.  $0.000 > 0.005$ ) appear to have positive and significant influence on purchase intention (Y). Raghubir (2004) said that promotions are another useful tool used for cognitive evaluations of a product and purchasing decisions. Online retailers provide diverse sales promotions, such as free gifts, discounts, or free shipping to attract potential customers to their websites. Moreover, online shoppers tend to believe that product prices in online stores are often lower than in physical retail stores (Grewal et al., 2003).



## **5. Conclusion**

This study empirically shows that simultaneously product quality and promotion influence purchase intention of customers on foods offered through online delivery services. If they are assessed individually, interestingly product quality has positive but insignificant effect on online food purchase. In line with previous studies, promotion has positive and significant effect on purchase intention. In addition, model proposed in this study represents 32,7% in influencing online purchase intention, which means the other 67,3% is explained by other variables not studied here.

This study is far from perfect, so future study is encouraged to improve it in term of sample size, research method, and variables. Thus, future study is expected to study other variables like perceived trusts, perceived price, perceived usefulness, review and rating, adding moderating variables and try to use qualitative approach to gain more and deeper information regarding the studied topic.

The results of this study show that promotion significantly influence online purchase intention. Therefore, MSMEs are encouraged to know and learn more about strategies to post or display the pictures of their products and make description of the product on online delivery application in attractive ways. they also should be able to utilize promotional tools like advertisements in social media and collaboration with influencing figure to create awareness to the potential customers, and create sales promotion according to moments to attract customer intention. On the other hand, since customers can't directly see, taste and touch the foods, thus to make it easy for customers to predict or imagine the quality of products, entrepreneurs can utilize testimony, review, ratings to influence purchase intention.

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