Effect of of Food Quality, Perceived Value, Price Fairness, and Customer Satisfaction on Repurchase Intention and Word of Mouth

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Abstract: *This study investigates the influence of Food Quality, Perceived Value, Price Fairness, and Customer Satisfaction on Repurchase Intention and Word of Mouth in the context of offline organic rice sales.A sample of 125 respondents was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to examine the relationships between variables. The findings reveal that Food Quality positively affects Price Fairness and Customer Satisfaction, while Price Fairness also positively impacts Perceived Value. In turn, Perceived Value enhances Customer Satisfaction, and Customer Satisfaction leads to higher Repurchase Intention and Word of Mouth. Of the eight proposed hypotheses, six were accepted (H1, H3, H4, H6, H7, H8), while two (H2 and H5) were rejected. Future researchers should consider these variables carefully to avoid inconsistent results. In this study, the Revisit Intention variable was adjusted to Repurchase Intention for better alignment with the research context.*

INTRODUCTION

Currently, the public's interest in a healthy lifestyle is no longer uncommon, with even younger individuals thinking about their health by consuming healthy foods such as organic rice. Food Quality (FQ) is the most important element for achieving a healthy body and longevity, which has become a natural goal for young people in Indonesia aged 28-43 years (Wijaya, 2014). Based on evidence related to Food Quality, it serves as the foundation for a key strategy in gaining a competitive advantage in the restaurant industry by offering high-quality food (Konuk, 2019). Food Quality is also determined by several factors such as health, nutrition, and others, which can be accessed by the Indonesian public, especially in the areas of Jakarta and Bekasi (Yousefi et al., 2019).

Additionally, Price Fairness helps consumers feel that the price of organic rice is acceptable, making them more willing to purchase it, as organic rice promotes bodily health (Haya Wijayantiarni & Roostika, 2022). The alignment between the quality of organic rice and Price Fairness is another consideration for consumers, who often conduct surveys or listen to others regarding organic rice. Trusting a standard price for organic rice, which has significant health benefits, is not easy. However, through surveys or word of mouth, consumers are more likely to

make accurate decisions regarding purchasing organic rice at a fair price (Konuk, 2019).

The drive toward a healthy lifestyle is a personal choice, and Perceived Value is seen as the consumer's evaluation of all the perceived benefits and costs when purchasing organic rice (Haya Wijayantiarni & Roostika, 2022). On the other hand, Perceived Value can also be understood as the overall consumer assessment of organic rice based on various benefits (Namin, 2019). Perceived Value can be measured across several aspects such as price, quality, and perceived benefits, such as feeling healthier and living longer after purchasing and consuming organic rice (Kuo et al., 2020).

Customer Satisfaction is not only a response to product or service quality, but also reflects the overall consumer experience and perception of the value they received from the product (Lakatos et al., 2021). In the context of eco-friendly products, customer satisfaction becomes a key element, as it can indicate the acceptance and adoption of such products in a broader society (Priya & Kumar, 2019). When consumers are satisfied with the eco-friendly products they buy, they are more likely to be committed to using the products sustainably (Suswadi et al., 2019). This not only affects individual preferences but can also influence long-term consumer behavior, promoting awareness.

However, previous research has examined Food Quality, Price Fairness, Perceived Value, and Customer Satisfaction concerning customers' behavioral intentions. Moreover, the role of Customer Satisfaction has been studied as a mediator between Price Fairness and Perceived Value in organic food restaurants. The results indicated that Customer Satisfaction acts as a bridge between Price Fairness and customers' behavioral intentions, leading to Repurchase Intention and Word of Mouth (WOM) Intention. This study aims to replicate previous research by focusing on organic food sold offline, specifically organic rice, which can be easily purchased at relatively affordable prices compared to restaurants. Additionally, this study replaces revisit intention with repurchase intention to gather relevant information. The objective is to investigate the impact of Food Quality, Price Fairness, Perceived Value, and Customer Satisfaction on customers' Repurchase Intention and Word of Mouth regarding organic rice sales.

METHOD

This study employs an associative research design with a quantitative approach. The variables include Food Quality, Price Fairness, Perceived Value, and Customer Satisfaction as independent variables, while Repurchase Intention and Word of Mouth serve as dependent variables. A five-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5), was used to measure these variables. Measurement items were adapted from previous studies by Song et al. (2018), with five indicators for Food Quality, four for Price Fairness, four for Perceived Value, four for Customer Satisfaction, four for Repurchase Intention, and four for Word of Mouth, totaling 25 items (detailed in Appendix 2). The study's population consists of consumers who regularly purchase organic rice in Jakarta and Bekasi, though the exact population size is unknown. Samples were selected using purposive sampling, targeting consumers aged 28–43, residing in Jakarta or Bekasi, earning over 3 million IDR monthly, and having made at least three organic rice purchases in the region.The sample size was determined following Konuk (2019), using a minimum of five times the number of items, resulting in a target of 125 respondents (25 items x 5), based on Larabi et al. (2019).

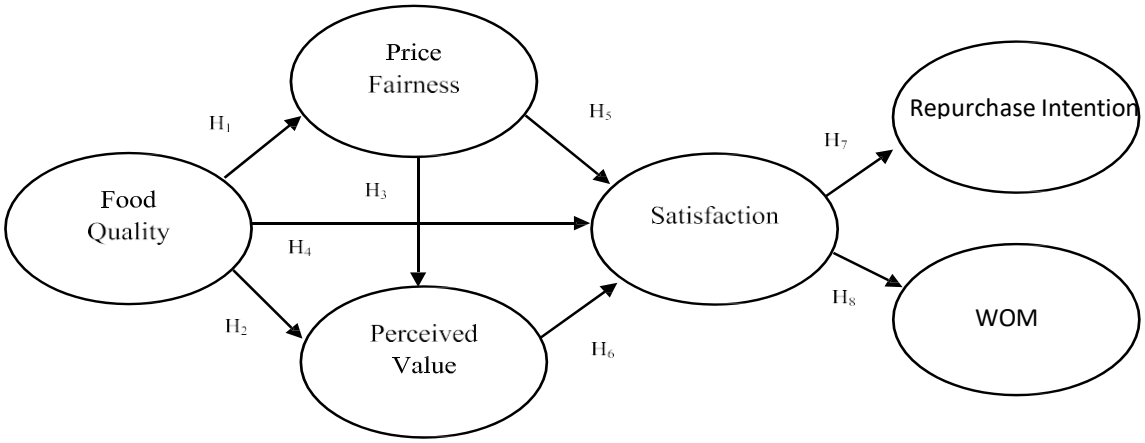


Figure 1. Research Model

Hypotesis Development

Food Quality and Price Fairness

High-quality organic rice provides a competitive advantage in the food industry. Offering high-quality food is essential, as empirical evidence shows a positive link between food quality and customers' perceptions of price fairness (Konuk, 2019). Previous research in the hospitality sector (Haemoon Oh, 2019) also demonstrates that when customers perceive food as high-quality, they are more likely to view the price as fair. This implies that aligning the price of organic food with its quality can positively impact perceptions of price fairness. When the organic menu benefits customers, they tend to perceive the price as fair, indicating that food quality significantly influences price fairness (Suswadi et al., 2019).

H1: Food quality positively influences price fairness.

Food Quality and Perceived Value

A major determinant of perceived value is the perception of product quality. Prior studies emphasize the positive effect of perceived food quality on perceived value (Dodds et al., 2020; Singh & Alok, 2022). Similarly, research highlights the positive relationship between food quality and perceived value (Kim et al., 2020). When a high-quality product, such as organic food, meets or exceeds customer expectations, it increases the perceived value. Thus, the higher the perceived food quality, the greater the perceived value for customers.

H2: Food quality positively influences perceived value.

Price Fairness and Perceived Value

Price fairness is a key factor influencing perceived value. It improves when consumers perceive high-quality products. Organic rice, for example, enhances consumers' evaluations of price fairness for related products or services, as it allows customers to assess quality through pricing (Haya Wijayantiarni & Roostika, 2022). Additionally, Dodds et al. (2020) note that when a product's price is perceived as unacceptable, it lowers the consumer's perceived value. Empirical findings support that price fairness affects perceived value (Haemoon Oh, 2019). Therefore, high perceived quality leads to improved perceptions of price fairness, particularly for organic food, and in turn, increases perceived value (Konuk, 2019).

H3: Price fairness positively influences perceived value.

RESULT AND DISCUSSION

Initial Data Analysis

Based on the distribution of questionnaires conducted online from April 13, 2024, to April 28, 2024, a total of 140 respondents participated, with 86 female respondents (57.7%) and the majority aged between 28-31 years (50.6%). Most respondents were self-employed (39.6%) and had an income of Rp. 5,000,000 (40.9%). The results of the outer model analysis, with convergent validity testing, showed that the outer loading values for all indicators were greater than 0.7, indicating that each indicator for its respective variable is considered valid and meets the ideal standard since the outer loading values exceed 0.7. The Composite Reliability values were greater than 0.70, and all the questionnaire indicators used met the reliability requirements with Cronbach's alpha values greater than 0.70, meaning the research indicators are reliable. Similarly, the AVE values for all latent variables also showed values greater than 0.5, indicating that all indicators met the requirements for convergent validity (see Table 1).

Table 1. Outer Model

Variable	Indicator	Outer Loading	Composite Reliability	Cronbach's Alpha	AVE
Food Quality	FQ1	0.946	0.974	0.967	0.882
	FQ2	0.968			
	FQ3	0.918			
	FQ4	0.935			
	FQ5	0.926			
Price Fairness	PF1	0.859	0.869	0.797	0.626
	PF2	0.858			
	PF3	0.700			
	PF4	0.736			
Perceived value	PV1	0.992	0.996	0.995	0.985
	PV2	0.992			
	PV3	0.997			
	PV4	0.987			
Costumer Satisfaction	CS1	0.989	0.996	0.995	0.985
	CS2	0.995			
	CS3	0.995			
	CS4	0.989			
Repurchase intention	RI1	0.990	0.996	0.994	0.984
	RI2	0.994			
	RI3	0.999			
	RI4	0.985			
World of Mouth	WOM1	0.943	0.968	0.956	0.883
	WOM2	0.948			
	WOM3	0.948			
	WOM4	0.919			

Meanwhile, based on the results of the model fit test analysis, it was found that the RMS Theta value of 0.225 is greater than 0.102, and the NFI value of 0.54, which is less than 0.90, indicates

that the model does not meet the model fit criteria. However, the SRMR value of 0.06, being smaller than 0.08, suggests that the model is considered acceptable. Additionally, the d_ULS value (1.21), d_G value (71.73), and Chi-Square value (5085.489), which are higher than the standard values, indicate that the model's goodness of fit can be considered acceptable (see Table 2).

Table 2 Goodness of Fit

	Model Saturated	Estimated model	Standard value	Description
SRMR	0.061	0.147	< 0.08	*Good Fit*
d_ULS	1.219	6.985	> 0.90	*Good Fit*
d_G	701.735	701.839	> 0.90	*Good Fit*
Chi-Square	5085.489	5142.758	> 0.90	*Good Fit*
NFI	0.554	0.549	> 0.90	Tidak *Good Fit*

Hypotheses Testing

The hypothesis testing in this study can be observed through the significance of the path coefficient results. According to Hair et al. (2017), if the T-statistic value is greater than the T-table value (1.96) at the 5% significance level, it indicates a significant effect, while the direction of the relationship can be determined by looking at the original sample value. Based on the table above, the T-statistic values for H1 (2.222), H3 (2.117), H4 (3.021), H6 (2.097), H7 (2.550), and H8 (2.535) are greater than the T-table value (1.96), meaning all these hypotheses are significant and can be accepted. Meanwhile, H2 (0.035) and H5 (0.736) are smaller than the T-table value (1.96), so they cannot be accepted.

Table 3 Hypotesis Testing Results

	Original Sample	Hypotesis	*T-statistics*	*P-value*	Remarks
Food Quality > Price Fairness	0.357	H1	2,222	0.030	Accepted
Food Quality > Perceive Value	0.003	H2	0,035	0.970	Rejected
Price Fairness > Perceived Value	0.244	H3	2,117	0.001	Accepted
Food Quality > Customer Satisfaction	0.471	H4	3,021	0.031	Accepted
Price Fairness > Customer Satisfaction	0.116	H5	0,736	0.454	Rejected
Perceived Value > Customer Satisfaction	0.184	H6	2,097	0.033	Accepted
Customer Satisfaction > Repeat Purchase Intention	0.358	H7	2,550	0.017	Accepted
Customer Satisfaction > Word of Mouth	0.334	H8	2,535	0.020	Accepted

*T-statistics expected > 1,96, P-value expected < 0,05

Discussion

This study found a positive relationship between Food Quality and Price Fairness. When organic food prices are perceived as fair, customers find them acceptable, which can encourage repeat visits and word-of-mouth promotion (Konuk, 2019). Previous research also supports this connection, highlighting that higher food quality improves perceptions of price fairness

(Haemoon Oh, 2019). The research also reveals no significant relationship between Food Quality and Perceived Value, suggesting that food quality alone does not strongly shape consumers' perception of value. This differs from H. J. Kim et al.'s (2013) findings, which noted a positive impact of Food Quality on Perceived Value.

Price Fairness, however, is shown to have a positive effect on Perceived Value. When customers perceive prices as fair, it enhances their evaluation of the product's quality (Haya Wijayantiarni & Roostika, 2022). Dodds et al. (1991) also support this, stating that when prices are perceived as unreasonable, it decreases Perceived Value. Food Quality is found to significantly influence Customer Satisfaction. High-quality food increases customer satisfaction, consistent with research by Bolli et al. (2014) and Konuk (2019), both of which demonstrate the positive impact of food quality on satisfaction. In contrast, Price Fairness alone does not have a significant effect on Customer Satisfaction. This suggests that other factors, such as product and service quality, play a more crucial role in determining satisfaction, contradicting findings by Gumussoy & Koseoglu (2016).

The study also shows that Perceived Value positively impacts Customer Satisfaction. When consumers perceive higher value in organic rice, their satisfaction increases, as supported by previous studies (Davis & Hodges, 2012; Kuo et al., 2009). Customer Satisfaction is shown to positively influence Repurchase Intention. Higher satisfaction encourages repeat purchases, confirming findings from previous studies (Johnson & Fornell, 2019). Finally, Customer Satisfaction has a positive effect on Word of Mouth. Satisfied customers are more likely to recommend organic rice to others, reinforcing previous research (Konuk, 2019).

CONCLUSION

This study highlights key findings regarding factors that influence consumer perception and satisfaction with organic products. Food Quality consistently emerges as the most dominant factor, significantly impacting Price Fairness, Customer Satisfaction, and Word of Mouth. Although Price Fairness shows a limited effect on Customer Satisfaction and no significant influence on Perceived Value, Food Quality remains crucial in shaping both Perceived Value and Customer Satisfaction. Good product quality, including taste, texture, and appearance, plays a major role in determining customer satisfaction and driving Repurchase Intention. High Customer Satisfaction also strongly predicts Word of Mouth intentions among consumers. Additionally, Price Fairness, when aligned with the benefits received by consumers, helps form a positive Perceived Value.

However, this study's geographic focus on Jakarta and Bekasi limits its generalizability, as consumer preferences and characteristics vary across regions. Future research should expand its geographical scope for broader insights. The study's independent variables were also limited to Food Quality, Price Fairness, Perceived Value, and Customer Satisfaction. Future studies could explore additional factors, such as mediation and moderation variables, to offer a more comprehensive analysis.

From a managerial perspective, improving the quality of organic rice—its aroma, texture, taste, and packaging—while maintaining fair pricing is essential for increasing Perceived Value and Customer Satisfaction. Price alone does not guarantee customer satisfaction; product quality must also be enhanced to drive Repurchase Intention and encourage Word of Mouth promotion among consumers.

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