

Perceived Price and Customer Satisfaction in of f-Premise Catering



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Abstract: *Off-premise catering become an option for Malaysian in holding many events and this positive development leads to a wider choice of caterers among the customers. There are many caterers have involved in the recent years. This phenomenon provides better alternative besides creating de-mand on servicing attributes to satisfy customers. Price is one of the attributes that satisfies customer. Thus, in line with that, this study examined the effect of perceived price on customer satisfaction in Off-premise catering. 250 respondents participated in this survey; they are those who has experience of using Off-premise catering in their events. The result has shown that monetary price has a relationship towards customer satisfaction.*

Keywords: *Off-Premise Catering, Monetary Price, Caterer and Customer Satisfaction*

I. INTRODUCTION

The intensely competitive environment which exists in the catering industry makes it essential for the caterers to attain customer satisfaction for their survival in the market. Customer satisfaction gives a big impact to the caterers to sustain in this industry as the satisfied customer will give a good review and recommend it to their friends and relatives. Despite huge competition, caterers still can survive in this industry if they provide value for customers' money. For the caterers who aim for profitability, creating a positively perceived price among customers is crucial.

A. Problem statement of the study

The prominent factors that determine the customer satisfaction level in the foodservice industry is the perceived price. Lo, Lynch and Staelin (2005) stated that the customers are paying at a higher price to get the exact quality instead of having lesser benefit than those who pay at the equivalent price. Furthermore, price known as the measure of money

which customer pay for a goods or ser-vice or total of cost of benefit gain by them (Kotler and Armstrong, 2010). A firm or business entity should improve price charging to satisfy the targeted customers in order to have them as repeat customers (Gustafsson, Johnson and Roos, 2005). The satisfaction level is to determine the price charged in which the services a brand offered than any measures (Turel and Surenko, 2006). Past researches have provided evidence of the relationship between perceived price and patron satisfaction. Besides that, perceived price improves customer satisfaction and trustworthiness. Martin-Consuegra et al. (2007) states that price is the indirect bearing factor towards satisfaction level and loyalty. In other research, Hermann et al. (2007), who has revealed that patron satisfaction is clearly affected by price perception and ultimately related to the price fairness experience. Homburg, Koshate and Hoyer (2005) mentions that customers perceived positive price if they experience high-quality service. Notably, there has been very limited studies address or strive on price as an-ecedent factor and most of the previous studies focusing the overall perceived value associated to customer satisfaction (Kim and Hyun 2011; Ryu and Han 2007; Ryu et al., 2008; Chen and Hu, 2009; Ha and Jang 2010; Kwun, 2011). Furthermore, factors influence customer satisfaction with regards off-premise catering has not extensively researched till to date. Literately, published studies even does not focus any of Malaysian context that concentrating "price". Therefore, the re-searchers believe that the price is an important factor to be included in this study.

B. Objectives of the study

- 1) Investigate the significance of perceived price element in Off-premise catering.
- 2) Examine the consequence of the perceived price element on patron satisfaction.

II. LITERATURE REVIEW

A. The Catering Services in Malaysia

The foodservice is the most prospective industry, both in Malaysia and worldwide. The rapid development of this industry attracts foodservice providers to be involved in catering services. In the modern era, catering service is a must for any event, celebration or party (Shaik and Khan, 2011). People are willing to use catering services due to several reasons such as urbanization, broken family system, the need for quality, time constraint, increase of working women, increase of per capita income, wealth level growth in the middle income group and lifestyle change (Renuka, 2008).

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Furthermore, home-prepared food is time consuming especially for the events that cater many people such as parties, birthdays, family events and wedding receptions. As time goes by, catering services develop and the increasing demand from customers makes this service very competitive. As this industry develops rapidly, catering does not only focus on food but also facilitate other things such as tent rental, table and folding chair package, bridal makeup and so on.

B. Price

Price is the amount of money or goods required to acquire other goods and its accompanying ser-vices (Iglesias and Guillén, 2004; Philip, 2014; Hsu and Pham, 2015). According to Yuksel and Yuksel (2002), most customers do not only focus on good food and service quality during dining experience, but they are also looking at the value for money. The meaning of the value, however, is relative. The price is considered low for some consumers, or quality consumers get the price that she pays for (Yuksel and Yuksel, 2002). However, Klassen, Trybus and Kumar (2005) argues that the price is the dominant attributes. This supported by Al-Salamin and Al-Hassan (2016) that price is the main factor to makes money and nominated the success and failure of the product or services. Although most of the food outlets offer discounted rate, price is still a major concern for customer in their decision-making to purchase food. As stated by Walker (2008), the customer perception towards price is important in the competition between foodservice providers.

C. Customer Satisfaction

In a competitive industry, maintaining customer’s repeat purchase intention is an important factor for caterers to success. Previous marketing studies focused on customer satisfaction factor (Cronin et al., 2000; Petrick, 2004; Abang Abdullah and Rozario, 2009) for a company to gain profit, customer retention and loyalty. Furthermore, customer satisfaction is a factor in indicating post, pre-sent, and upcoming profit of a company and therefore, has long been critically studied among marketing practitioners and scholars (Oliver, 1999). Most definitions used by researchers were developed by Oliver (1980), who states that the customer satisfaction is a positive feeling gained by customers when purchasing good or services. In developing satisfaction, two satisfaction conceptualizations. Boulding et al. (1993) states that from that transaction-specific perspective, customer satisfaction is evaluated by the recent purchasing experience, either they are happy or not with the product. Meanwhile, the cumulative perspective is the overall experience with a product or service and its effect to the post-purchase behavior (Fornell et al., 1996).

III. METHODOLOGY

A descriptive method was used in this study as it measures the characteristics described in the re-search questions (Hair et al., 2007). 250 customers participated in this survey in ten (10) different Off-premise caterings in Shah Alam. A closed-ended set of question was developed, and the instrumentation was adapted from Petrick (2004) and Eggert and Ulaga (2002). The respondents were required to highlight the perceived importance of price in Off-premise catering by employing a numerical five-point Likert scale.

IV. METHOD AND MATERIALS

A. Data analysis

241 respondents answered the questionnaires, representing 96.4% of the sample. Out of the responses received, 232 questionnaires were used and analysed.

B. Procedures of Analyses

There are three (3) main sub-section has been discussed in the procedures of analyses. The first section begins with describing the respondents’ profile, while customer’s perceived importance of price in off-premise catering has been described in the second section. The customer satisfaction level with the perceived price has been discussed in the third section.

1) Respondents’ Profile

There were nine (9) items stated and analyzed through demographic profile by utilizing descriptive statistics. Table 1 shows that the respondents consisted of 59.9% female and 49.1% male. 44% of them were 30 years old and below. A large proportion of the samples (97.4%) were single. Over 45% had completed a bachelor’s degree, indicating that they were educated and 92.2% were working on a full-time basis. Regarding the monthly income, most of the respondents were paid be-tween RM2000 to RM3000 per month.

2) Perceived Importance of price in Off-premise catering

Results show that the price is important for customers in choosing a caterer. This is supported when most of the respondents rated important or most important for all four (4) items that are related to monetary price. As such, they preferred economical function package (M=4.59, S.D..494) and reasonable price of food package (M=4.59, S.D..493), the value of the package (M=4.56, S.D..497) and the negotiated price (M=4.54, S.D..500) as the important factors in choosing a caterer.

Table 1: Mean Score of the Respondent perceived importance of price in Off-premise catering.

Items	Mean	S.D.
Price can be negotiated to meet budget	4.54	.500
Value for money	4.56	.497
Economical function package	4.59	.494
Reasonable price of food package	4.59	.493

According to mean the score, this analysis manifests that the customer perceived price as the main reason in selecting a caterer. This is clearly observed when the price score was obtained at 4.5957 out of 5.000.

Table 2: Overall mean score of the respondent perceived importance of price in Off-premise catering

	N	Mean	S.D.
Price	232	4.5957	.32149
Valid N	232		



Table 3: Mean scores of the effects of perceived price attributes towards customer satisfaction

Items	Mean	S.D
The price offered was of value for my money	4.26	.441
Package events was economical	4.38	.485
Price can be negotiated to meet my budget	4.61	.488
Price of food package offered	4.42	.495
My choice of using this caterer is a wise one	4.59	.494
I did the right thing when I chose this caterer for my event	4.17	.379
I was pleased with the decision made to use the caterer	4.17	.379
I was comfortable with the catering package purchased	4.08	.268
Caterer provided good value to my need	4.08	.268
Overall of food or function package offered	4.08	.268

3) The Effects of the Perceived Price Attributes on Customer Satisfaction

The findings show that the customers were satisfied with the value of price offered by the caterer. This is supported when most of the respondents were generally satisfied with all ten (10) items related to perceived price. Table 4 shows that they are satisfied with the price offered because it offers value for their money (M=4.26, S.D..499), the catering package for the event was economical (M=4.38, S.D..485), negotiable budget (M=4.61, S.D..488), price of food packaged offered is reasonable (M=4.42, S.D..495). In terms of overall satisfaction on perceived price, most of the respondents were satisfied with their choice of caterer (M=4.59, S.D..494). They were also satisfied because they had made the right decision (M=4.17, S.D..379) and chosen the right caterer (M=4.17, S.D..379) for their event. Besides that, the catering package offered by the caterer (M=4.08, S.D..268) was also satisfactory because it provided good value to their need (M=4.08, S.D..268). Moreover, they were also satisfied with the overall food and function package offered by the caterer (M=4.08, S.D..268).

Table 4: Overall mean score of the effects of perceived price attributes towards customer satisfaction

	N	Mean	S.D
Satisfaction	232	4.1314	.18848
Valid N	232		

From the analysis, customer satisfaction on Off-premise catering is beyond satisfactory level along with a mean value of 4.13 from the five-point Likert scale. Looking at the mean values, customers are satisfied with perceived price. This satisfaction comes from a reasonable price offered by caterer.

V. DISCUSSION

A. The importance of perceived price attributes in Off-premise catering

The findings show that price is the first factor of the customer perceived importance in choosing a caterer. This is probably because this research was conducted in developing countries where people are more concerned about cost, so they are highly sensitive towards this matter. Further-more, in this competitive industry, customers have many options in selecting caterer that can offer a lower price with a better service. This is observed when the respondents perceive a reasonable package price is important in selecting a caterer. This is further supported by the previous studies regarding foodservice establishments conducted by Almanza, Jaffe and

Lin (1994), who discovered that customers of the foodservice institution, especially students perceived affordable price as the key factor. Previous study also highlighted that an appropriate costing affects buyer enthusiasm to come back to restaurants (Gupta, McLaughlin and Gomez, 2007). Apart from affordable price, value for money is also essential for eating out activity. This due to the customers incline to visit restaurants that offer not only excellent food, superiority service and a pleasurable service atmosphere, though they feel it's worth their money (Zeithaml, 1988; Shanmugam et al. 2019a, 2019b; Shanmugam & Nadesan 2019). In the current research, value for money is assessed through the package and food offered. It is one of the important aspects used to evaluate value for money, like the previous researches. For example, Yuksel and Yuksel (2002) considered an element known as 'food value for money' and this element is discovered to be vital in restaurant preferences among the tourists. It is crucial to examine the value for money as it is not only affected at the pre-purchasing activity however it also influences customer satisfaction and behavioural intention (Petrick, 2001).

B. The Effects of the Perceived Price Attributes Towards Customer Satisfaction

With respects to the second research objective, investigation from this study reveals that a high customer satisfaction level for the price. This undoubtedly shows that caterers are operating well with regards to price and customer satisfaction.

VI. CONCLUSION

Price emerges to be important in generating customer satisfaction. This fact is not surprising because the price evaluation has already been made by the customers before selecting the. In other words, the price is already taken into consideration prior to the purchasing phase, the level pertaining to an excellent available option. Therefore, the value of a package offered by caterer affects the phase when customers are making comparison between the available catering establishments by considering the choice of alternatives as well. Once selection is done, it subsequently affects customer satisfaction. Caterers must analyse how clients create their price perception and they requisite try to convey the message that their restaurant offer a great value compared to others. Previous research (Pedraja and Yagüe, 2002) emphasizes that caterers must realize the customers rely on amount they pay should worth the value offered by the company. Furthermore, the price should be negotiable to meet their budget. If these requirements are met, the customer will perceive the product correctly.

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