

The Influence of Product Quality, Price and Promotion on Buying Decisions at Coffee Shops

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ABSTRACT

This study aims to analyze the influence of product quality, price, and promotion on consumers' purchasing decisions in coffee shops. The method used was an online survey with a sample of 80 participants, consisting of men and women with varying age ranges. The results of regression analysis showed that product quality had a significant and strong influence on purchasing decisions (coefficient 0.623, p-value 0.000). Price also has a significant positive influence even though it is smaller than product quality (coefficient 0.284, p-value 0.017). However, the promotion did not show a significant impact on the purchase decision (coefficient 0.127, p-value 0.224). These findings indicate that coffee shops should focus on improving product quality and setting the right prices to improve consumers' purchasing decisions, while promotional strategies need to be re-evaluated for their effectiveness.

Keywords: Product Quality, Price, Promotion, Coffee Shop

1 Introduction

The development of coffee shops in Indonesia is closely linked to the broader socio-economic and environmental transformation in the country. The shift from labor to coffee farmers in West Java, facilitated by collaborative forest management programs such as Community Shared Forest Management (PHBM), has improved forest ecology and local livelihoods, allowing poor and landless farmers to become coffee producers [1]. This transition is part of a larger trend in which Indonesia is increasingly focusing on sustainable agricultural practices, as seen in the implementation of public sustainability regulations for commodities such as coffee, which aim to balance economic interests with environmental sustainability [2]. Social transformation in suburban communities, driven by increased public awareness and collaborative efforts between governments, companies, and communities, is also supporting the growth of the coffee sector by improving food sustainability and reducing poverty [3]

In addition, the valorization of coffee by-products, such as coffee silver skin, in line with sustainability goals and the circular economy, has the potential to add value to the coffee supply chain and support the development of coffee-related businesses, including coffee shops [4]. This development is part of a global trend in which the coffee landscape is undergoing significant changes due to economic pressures and environmental challenges, which requires adaptive strategies to ensure the sustainability of coffee production and its related industries. Thus, the growth of coffee shops in Indonesia not only reflects changing

consumer preferences but also the result of strategic socio-economic and environmental initiatives aimed at promoting sustainable development in the coffee sector

Product quality, price, and promotion are interrelated factors that significantly affect consumer behaviour and market dynamics. Price promotions, as discussed by Aydinli et al., can simplify consumer decision-making by reducing the mental effort required, thereby influencing brand switching and product choices through emotional impact rather than rational considerations [5]. In a competitive market, companies often differentiate their products based on quality and price to capture consumer preferences, as Moorthy highlights in the context of duopoly. High-quality products typically incur higher production costs, and companies strategically position themselves to maximize margins while maintaining competitiveness [6]. The quality of fast-selling products is crucial in shaping consumer perception and post-purchase behaviour, as Li noted, emphasizing the importance of corporate image and brand culture in maintaining consumer loyalty [7]

Extrinsic factors such as quality, brand, and perceived price also play an important role in product acceptance, as Li et al. suggest, suggesting that these factors, in addition to sensory attributes, drive early and repeat purchases [8]. In the context of meat products in the Eastern DRC, Udomkun et al. found that consumer preferences and willingness to pay were influenced by quality attributes such as color and texture, with high prices and perceived unhealthy tastes being significant deterrents [9]. Collectively, the study underscores the complex interplay between product quality, pricing strategies, and promotional efforts in shaping consumer behaviour and market outcomes

2 Research Methodology

In this study, there are several steps which include the definition of the research problem, literature review, research design, formulating a hypothesis, data collection, data analysis and conclusion analysis.

The initial stage of this research aims to define and identify problems that arise related to the decision to buy at coffee shops, based on existing phenomena and literature studies. After understanding the problem, the next step is to conduct a literature review to determine the research variables, namely product quality, price, and promotion. The research design was prepared to understand how these three variables affect consumers' purchasing decisions, including the data collection process and the research instruments to be used. The research hypothesis is formulated based on the variables studied. Relevant empirical data will be collected using the online survey method. Furthermore, the data obtained will be analyzed statistically to evaluate the relationship between the variables that have been determined. The final stage of the study will present a description of the results of the analysis that describes the influence of product quality, price, and promotion on the decision to buy at the coffee shop.

H1. Product quality has a positive impact on purchasing decisions

H2. Price has a positive impact on buying decisions

H3. Promotions have a positive impact on buying decisions

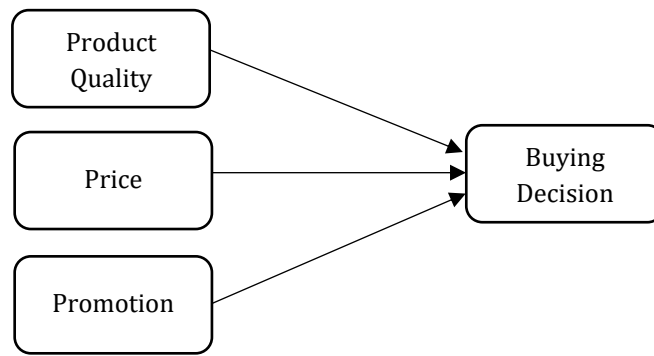


Figure 1: Variable relationship design

3 Results and Discussion

In this study, an analysis was carried out on the composition of participants based on gender and age distribution. Based on the data collected, the total number of participants was 80 people, consisting of 41 men (51.3%) and 39 women (48.7%), which reflects an almost equal gender balance. Further analysis of the age distribution of participants revealed that the majority, namely 53 people (66.3%), were in the age category over 31 years old. Meanwhile, the younger age group showed significantly lower participation, with 7 people (8.8%) aged 15-20 years, 9 people (11.3%) aged 21-25 years, and 11 people (13.8%) aged 26-30 years. These findings suggest that there is a tendency for participation dominance from individuals aged 31 years and older, while the involvement of younger age groups is still limited. This study provides important insights into the demographics of the participants, which can be a reference for further studies in relevant contexts.

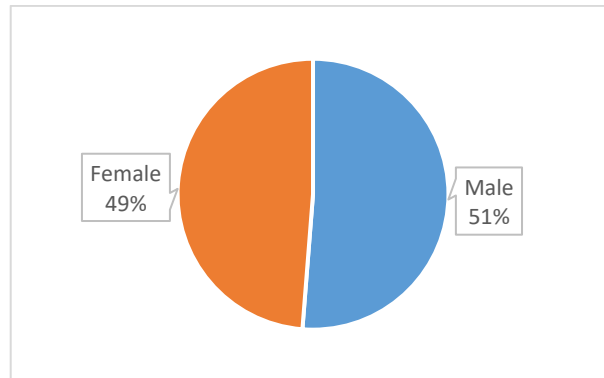


Figure 2: Gender

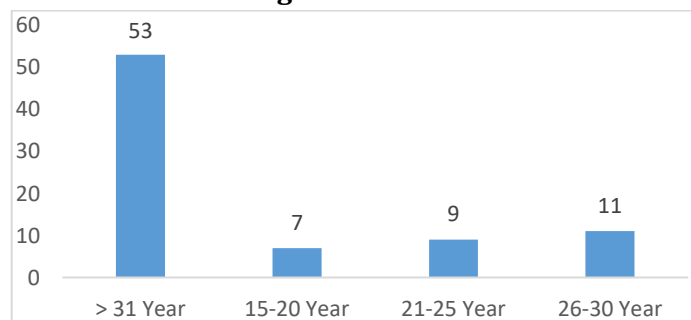


Figure 3: Age Range

Furthermore, validity and reliability tests are essential in ensuring that an instrument, whether it is a questionnaire, device, or diagnostic tool, accurately measures what is intended and produces consistent results over time. Validity refers to the extent to which the instrument measures the concept it is intended to measure. For example, a study of questionnaires for teachers' academic knowledge demonstrated the validity of constructs through expert assessment and factor analysis, ensuring the tool accurately reflected the knowledge factors it was intended to assess. The following are the results of the validity and reliability test in tables 1 and 2

Table 1: Validity test

No Item	r-count	r-table	Status
Item1	0,318		
Item2	0.640		
Item3	0.369		
Item4	0.557		
Item5	0.477		
Item6	0.588	0.2172	Valid
Item7	0.555		
Item8	0.614		
Item9	0.422		
Item10	0.447		

Table 2: Reliability test

No Item	Cronbach's Alpha	r-table	Status
Item1	0,674		
Item2	0.624		
Item3	0.664		
Item4	0.651		
Item5	0.651		
Item6	0.636	0.2172	Reliable
Item7	0.638		
Item8	0.625		
Item9	0.679		
Item10	0.655		

The results of this regression test show that the Product Quality variable has a significant and strong influence on the dependent variable, with a coefficient of 0.623 and a very small p-value (0.000), which means that the improvement of product quality will directly increase the dependent variable. Furthermore, Price also had a significant effect, with a coefficient of 0.284 and a p-value of 0.017, although the effect was smaller than that of product quality. This indicates that price has a positive impact on the dependent variable, but not as much as product quality. On the other hand, Promotion showed a positive coefficient of 0.127, but a low t-statistic (1.226) and a p-value greater than 0.05 (0.224) showed that the effect of promotion on the dependent variable was not significant. Thus, it can be concluded that in this model, product quality and price have a significant influence, while promotion does not show a significant impact on the dependent variables. These

findings provide insight that companies should focus more on improving product quality and proper pricing, while promotional strategies need to be re-evaluated for effectiveness.

Table 3: Regression test

Variable Name	Coefficient	T-stat	Sig
Kualitas Produk	0.623	5.561	0.000
Harga	0.284	2.448	0.017
Promosi	0.127	1.226	0.224

4 Conclusions

Based on the results of the research conducted, it can be concluded that product quality has a significant influence on consumers' purchasing decisions in coffee shops. This can be seen from the high positive coefficient (0.623) and very small p-value (0.000), which indicates that improving product quality directly increases consumers' decision to buy. In addition, price has also been shown to have a positive influence on purchasing decisions, although it has a smaller effect than product quality. A coefficient of 0.284 and a p-value of 0.017 indicate that reasonable and competitive pricing can influence consumer decisions, so setting the right price is crucial in attracting customers. However, although promotions are expected to influence buying decisions, the regression test results show that promotions have no significant impact, with a coefficient of 0.127 and a p-value of 0.224. This shows that the promotional strategies implemented have not been effective enough in influencing consumers' decision to buy. Therefore, companies need to evaluate and refine the promotional approach used. Overall, these findings suggest that coffee shops should focus more on improving product quality and pricing appropriately, while promotional strategies need to be tailored to consumer preferences. Thus, this research provides valuable insights for coffee shop managers in designing more effective and competitive marketing strategies.

5. References

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