

THE INFLUENCE OF FACTORS PRODUCT, PRICE, PLACE AND PROMOTION ON PURCHASING DECISIONS OF STUDENTS AT COFFEESHOP

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Keyword

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Abstract

This research aims to explore how factors like product, price, promotion, and place influence the buying decisions of students at coffee shops near Universitas Muhammadiyah Surakarta. Using a quantitative approach, the study features an associative and cross-sectional design. The participants were students who frequented these coffee shops, with a sample size of 100 respondents gathered through volunteer sampling. Data collection was carried out by distributing online surveys via Google Forms, employing a Likert scale for measurement. The research tool was assessed for both validity and reliability, showing that all items had a validity score above 0.30, and Cronbach's Alpha reliability was an impressive 0.928, indicating very high consistency. For data analysis, multiple linear regression was used to evaluate both the combined and individual effects of the independent variables (product, price, promotion, place) on the dependent variable (purchase decision). The results revealed that all four independent variables significantly impact student purchasing decisions ($p < 0.05$; $R^2 = 0.741$). Specifically, the promotion (X_4) and place (X_3) variables had a notable effect ($p < 0.05$), while price (X_2) and product (X_1) did not show significant effects ($p > 0.05$). This indicates that factors like location convenience and effective promotions play a more crucial role in shaping students' buying choices than product and price. Therefore, it's recommended that coffee shop owners focus on improving location accessibility and marketing strategies to attract and retain customers, especially students.

INTRODUCTION

In recent years, coffee consumption in Indonesia has been on the rise. As mentioned in Kompas.id (2023), the International Coffee Organization (2023) reported that coffee consumption in this country reached 5 million bags during the 2020/2021 period, up from 4.8 million bags in the previous year. This growth has led to rapid transformation in the coffee shop industry. For example, in Sukoharjo, the number of coffee shops jumped from 30 in 2010 to 60 by 2021 (Priyanto, 2021). These figures indicate a growing interest in coffee culture, especially among students.

On campuses like Universitas Muhammadiyah Surakarta, coffee shops have become more than just places to grab a cup of joe. Students often use them as spots to relax, study, or hang out with friends. As a result, coffee shops on campus face both exciting opportunities and fierce competition. To succeed and attract customers, shop owners need to understand what influences

students' purchasing decisions. Key factors include price, product quality, location, and marketing strategies (Ardianto & Yulianto, 2020).

Previous studies have shown mixed results regarding the impact of these factors. For instance, Maulana (2021) found that pricing and promotions significantly influenced buying decisions, while Wowor et al. (2021) highlighted the importance of location and product offerings. Similarly, Timang et al. (2024) and Juniard et al. (2020) noted that elements of the marketing mix—especially product, location, price, and quality—play a crucial role in coffee shop purchases. Prasetya et al. (2024) discovered that in Solo Raya, price and promotions were key, while product and location were less significant. This variety in findings underscores the need for further research, particularly focused on students at Universitas Muhammadiyah Surakarta.

This research aims to explore how various marketing mix elements—like product, price, location, and promotion—affect the purchasing decisions of students at coffee shops. To do this, we're using multiple linear regression analysis to assess the impact of these independent variables, both on their own and together. Additionally, the study looks into how these buying choices can help build customer loyalty among university students. We're focusing specifically on students at Universitas Muhammadiyah Surakarta, hoping to provide valuable insights for coffee shop owners on the best strategies to attract and retain customers from this demographic.

METHOD

This research takes an associative approach and uses a quantitative research type. The design is cross-sectional, meaning that data collection happens at a specific point in time without any treatments or interventions applied to the participants (Setia, 2016).

The participants in this study are students from Universitas Muhammadiyah Surakarta who have visited coffee shops near the campus. We selected the sample using a volunteer sampling method, where participants agreed to fill out the questionnaire (Etikan, Musa, & Alkassim, 2016). A total of 100 students who met the criteria were chosen: those who had purchased items at coffee shops in the last three months and were still enrolled at Universitas Muhammadiyah Surakarta.

Data collection was carried out using a Google Form questionnaire that utilized a Likert scale (Joshi, Kale, Chandel, & Pal, 2015). Before using the questionnaire, we conducted a validity test to ensure it measured what it was supposed to (Azwar, 2012), along with a reliability test using Cronbach's Alpha to check the internal consistency of the items (Gliem & Gliem, 2003). The data collected were then analyzed using multiple linear regression to evaluate how the independent variables affected the dependent variable (Ghozali, 2018). We applied the t-test to look at partial effects, while the F-test was used to assess simultaneous effects (Sugiyono, 2017).

RESULTS

The validity assessment was carried out to see how effectively each item in the questionnaire measures what it's supposed to. The results from the Corrected Item-Total Correlation (CITC) show that every one of the 30 items has a CITC value of at least 0.30, with the lowest being 0.299 and the highest hitting 0.657. This indicates that all items have an r-count that surpasses the r-table value at a 5% significance level (0.1966), confirming the validity of all the questions used.

As for the reliability assessment, the findings reveal that the r-alpha for the 30 survey items is 0.928. In this test, all variables show an r-alpha (Cronbach Alpha) greater than 0.5, which means they all demonstrate a high level of reliability or confidence.

Multiple Regression Analysis to explore how factors like product, price, promotion, and place affect students' buying decisions. After analyzing the data with SPSS (Statistical Product and Service Solutions) 20 software, the results of the multiple regression analysis are presented below:

Table 1.

Multiple Regression Analysis Result and Classical Assumption Test							
Dependent Variable (Y)	Independent Variable (X)	B	t-count	Sig	Standardized Coefficient (β)	VIF	Residual Sig (2-tailed)
Purchase Decision	X1	0,147	0,696	0,488	0,076	4,412	0,205
	X2	-0,100	-0,652	0,516	-0,073	4,541	0,369
	X3	0,696	4,918	0,000	0,592	5,312	0,353
	X4	0,322	2,558	0,012	0,292	4,793	0,395
Constant				= 2,209			
R ²				= 0,741			
Adjusted R ²				= 0,730			
F-count				= 67,91			
F Sig				= 0,000			
Durbin Watson (DW)				= 2,126			
Kolmogorov-Smirnov Test (Asymp. Sig. (2-tailed))				= 0,380			

Source: Results of Computer Data Processing with SPSS 20

The results from the regression analysis show that this model does a great job of explaining the variations in the Y variable, with an R-squared value of 74.1% and an Adjusted R-squared of 73.0%. Out of the four independent variables, only Place (X3) and Promotion (X4) have a significant impact on Y, boasting coefficients of 0.696 (p-value = 0.000) and 0.322 (p-value = 0.012), respectively. On the other hand, Product (X1) and Price (X2) don't seem to have a significant effect on Y, as their p-values are above 0.05, specifically 0.488 and 0.516. This suggests that decisions related to location and promotion are more influential on Y than product features and pricing.

The F-test evaluates whether all the independent variables in the model can explain the dependent variable, essentially checking if they collectively have an effect. Based on the regression output, the F-count value is 67.91 at a significance level of (5.00×10^{-27}) , with a confidence level of 95% or $\alpha = 0.05$. This indicates that the four independent variables (X1, X2, X3, and X4) together have a significant impact on the dependent variable (Y), which represents the intent to return. Additionally, the R Square value helps us understand how much the independent variables influence the dependent variable at the same time. The regression results show an R-squared value of 0.741, meaning the model explains 74.1% of the variance in the desire to return, leaving 25.9% due to other factors not included in the model. The Adjusted R-squared value of 0.730 indicates that even when accounting for the number of independent variables, the model still effectively explains the dependent variable.

The Hypothesis Test, commonly known as the t-test, evaluates how factors like Product (X1), Price (X2), Place (X3), and Promotion (X4) influence consumer choices, but it does so one at a time. We conduct the t-test with a significance level set at 5%, using a t-table value of 1.984. The results show t-count values of Product = 0.696, Price = -0.652, Place = 4.918, and Promotion = 2.558. Notably, the t-counts for Place and Promotion surpass the t-table value, which means that at the 5% significance level, these two factors significantly affect consumer decisions. On the other hand, the t-counts for Product and Price fall below the t-table, suggesting that at α 5%, neither of these variables has a significant impact on consumer choices.

To determine which independent variables have a meaningful effect on consumer decisions, we look at the highest standardized coefficient β value. As shown in Table 1, the Place variable boasts the highest standardized coefficient at 0.592, indicating that it plays a major role in boosting consumer choices by 59.2%.

This study uses a variety of regression equation models. For multiple regression to provide accurate benefits, it must meet the conditions set by the classical assumption test, which includes the following:

The Kolmogorov Smirnov test checks the normality of the data. According to the acceptance criteria, we can say the value is well standardized if the Asymp. Sig. (2-tailed) is greater than alpha (α). The calculation results show an Asymp. Sig. value of 0.380, which is greater than 0.05 (alpha), indicating that the standardized value is normally distributed.

The Multicollinearity Test, as shown in the coefficients table, can be observed in the Coefficients output model. There are no signs of multicollinearity if the Variance Inflation Factor (VIF) is less than 10. The computed VIF values are as follows: Product variable (X1) = 4.412, Price (X2) = 4.541, Place (X3) = 5.312, and Promotion (X4) = 4.793, all of which are below 10. Therefore, we can conclude that the model does not exhibit any signs of multicollinearity.

For the Heteroscedasticity Test, we can observe the significant value of the Spearman Rank correlation for each independent variable in relation to its residuals. If the significant value exceeds α (5%), then Heteroscedasticity is absent; if it is less than α (5%), then Heteroscedasticity is present. The significance level test results yield values for the variables: Product = 0.205, Price = 0.369, Place = 0.353, and Promotion = 0.395, all of which exceed 0.05 or 5%, indicating that there is no Heteroscedasticity present in the linear regression model.

The autocorrelation test looks into whether there's a link between the errors at time t and the errors at time $t-1$ (the previous time) in a linear regression model. To check for autocorrelation, you can look at the Durbin-Watson (DW) value. If this value is between dU and $(4-dU)$, or specifically if $dU \leq DW \leq (4-dU)$, it suggests that there's no autocorrelation present. In our data processing, we found a Durbin-Watson value of 2.134, which indeed lies between dU and $(4-dU)$: more precisely, $1.7582 \leq 2.134 \leq 2.2418$. Therefore, it can be determined that in linear regression model, there's no autocorrelation or correlation between the confounding errors.

The analysis results show that this regression model effectively explains changes in student purchasing behavior, with an R-squared value of 74.1%. The F-test confirms that the four independent variables collectively have a significant impact. However, only the Place (X3) and Promotion (X4) variables are statistically significant (p -value < 0.05), while Product (X1) and Price (X2) do not show a significant effect. Among these, Place stands out as the most influential factor, boasting a standardized coefficient of 0.592. Additionally, all the classical assumption tests—normality, multicollinearity, heteroscedasticity, and autocorrelation—were met. The key takeaway here is that coffee shops should prioritize their location and promotional strategies to attract students, while also considering product and pricing, as these two factors significantly affect purchasing decisions.

DISCUSSION

This study reveals that the Product variable (X1) doesn't really sway students' choices when it comes to buying from coffee shops. In other words, product quality isn't a major factor in their purchasing decisions. This finding is in line with the research by Wangarry et al. (2018), which also indicated that product quality isn't a key player in the decision-making process for Yamaha motorcycle buyers. Similarly, Darmawan & Wahyudi (2023) found that product quality, whether it's high or low, doesn't significantly influence consumers' choices on e-commerce sites, where most shoppers tend to focus on meeting their basic needs rather than prioritizing quality. However, these results stand in contrast to the result by Enggal et al. (2019), which found a strong and positive effect of products on apparel purchases, emphasizing that modern design and brand reputation are vital for fostering consumer loyalty.

The Price Variable (X2) shows that it doesn't really sway students' choices when it comes to coffee shops, indicating that the cost of items there isn't a major factor in their decision-making. This finding is in line with the research by Wahyurini & Trianasari (2020), which also concluded that price doesn't have a strong, positive influence on the purchasing decisions for Wardah cosmetics. However, this contradicts the study by Utami (2016), which found that price does have a positive and significant impact on consumer choices at the KOPMA (student cooperative

minimarket/convenience store) at Yogyakarta State University. It also goes against the findings of Sari & Prihartono (2021), which indicated that price positively and significantly influences the purchasing decisions for RISE (product name) bed sheets, even when prices are higher, as consumers perceive the quality to be on par. The differences in these results can be linked to the types of products being purchased and the characteristics of the respondents. When it comes to coffee and cosmetics, consumers might be spending relatively small or discretionary amounts, focusing more on aspects like experience, brand, or personal preferences rather than just the price. On the other hand, when shopping at minimarkets or for bedding, price tends to play a more crucial role, seen as more important for essential items or as a direct measure of value by various consumer groups, such as families and business owners.

The location variable (X3) plays a significant role in shaping students' buying decisions, highlighting how crucial convenience and accessibility are when it comes to coffee shop locations. This aligns with the findings from Puspa et al. (2017), which also pointed out that location heavily influences purchasing choices. However, this contrasts with Kurniawan's (2018) research on JNE (a leading express courier and logistics service in Indonesia), a major express courier and logistics provider in Indonesia, which found that location doesn't have a significant positive impact on JNE customers' buying decisions. Similarly, Cynthia et al. (2022) reached comparable conclusions regarding BUMDes (village-owned mini-markets/supermarkets in Indonesia) Amanah Mart, indicating that accessibility isn't a major factor in purchasing decisions. These differing results emphasize that the importance of "location" can vary across different types of businesses; for coffee shops, "location" is a vital part of the overall product experience, while for delivery services or mini-markets, location mainly serves as a distribution point or contact area, where the key elements of service or overall convenience tend to sway buying choices more than the specific location itself.

The last variable, promotion (X4), plays a vital role in shaping students' buying decisions. It highlights how effective advertising by coffee shops can significantly sway students' choices, emphasizing the importance of fresh and relevant marketing strategies. This aligns with the research by Maryana and Permatasari (2019), which found that promotions have a strong and positive impact on purchasing decisions for modern beverages at Ice Tea Indonesia outlets in Bandar Lampung. Similarly, a study by Pawitri & Sholeha (2019) supports this idea, showing that promotions for Honda Mobilio effectively influence consumer choices, with promotional efforts notably boosting buying behavior. However, these insights contrast with findings from Salindeho et al. (2014), which suggested that promotions do not have a significant effect on consumer decisions regarding the use of smart electricity from PT. PLN, the state-owned electric utility in Indonesia. Overall, this analysis indicates that while promotions are a key component of the marketing mix and can influence consumer choices across various industries and product types by raising awareness, sparking interest, and driving sales, their effectiveness can vary depending on the context of the product or service. For items considered essential or practical, purchasing decisions may be swayed more by factors beyond just promotional efforts. Therefore, it's crucial for coffee shop owners to develop creative and effective marketing strategies to attract and retain student customers.

CONCLUSION

This research examines how product, price, location, and promotions influence the coffee shop choices of students at Universitas Muhammadiyah Surakarta. The results show that these four elements of the marketing mix play a significant role in shaping students' buying decisions, underscoring the importance of marketing strategies in driving purchases. Interestingly, only the aspects of Place and Promotion were found to have a notable impact on these choices. The Place factor stands out as the most influential, highlighting how crucial convenience and accessibility are for students. In contrast, Product and Price didn't seem to sway their decisions as much. This suggests that for students, the ease of getting to a coffee shop and effective promotions matter more than the specifics of the product or its price. The overall regression model and findings were validated by passing all classical assumption tests, including normality, multicollinearity,

heteroscedasticity, and autocorrelation. This study provides new insights into student buying behaviors in the unique environment of Universitas Muhammadiyah Surakarta, aiming to help coffee shop owners craft the most effective marketing strategies to attract and retain this customer base.

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