THE STUDY OF CONSUMERS PURCHASE INTENTION AND PREFERENCE ANALYSIS TOWARDS BOTTLED COFFEE PRODUCT IN BANDUNG

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Abstract. Coffee Industry is one of Food and Beverage Industry that always increase continuously, especially in Bandung. Nowadays, coffee is become a life style and popular either in Global or Indonesia. The competition in Coffee Industry is tend to be high, to keep the sustainability of Demitasse Company, they want to produce new product which is bottled coffee product. This research is helping Demitasse Company to generate the information about how the relation between consumer perception, pereference, attitude, and purchase intention towards bottled coffee product. The data Collection is generated by interview and questionnaire with 400 respondents. The result of the data collection was analyzed by partial least square method. This research shows how the relation between consumer perception, consumer attitude and purchase intention towards bottled coffee product. The end of this research shows that there is a positive relation between consumer perception, consumer attitude and purchase intention.

Keywords: Consumer Perception, Consumer Attitude, Consumer Preference, Purchase Intention.

Introduction

Food and Beverage industry is one of growing Industry in Indonesia. The growth of Food and Beverage Industry in Indonesia is up to 9.82% or Rp192.69 Trillion at the end of 2016 (Kementerian Perindustrian Republik Indonesia, 2016). Panggah Susanto, Director General of Agro-Industry at the Ministry of Industry said that in 2017 Food and Beverage Industry contribute around 6.06% for Indonesian Gross Domestic Product. From that number, we know that food and beverage industry is substantial in Indonesia and has a big power to increase Indonesian economic.

Based on the data in table 1.1., Coffee industry is one of industry that always increase continuously whether in Global consumption and Indonesian consumption. According to International Coffee Organization (ICO), global coffee consumption reached 155 million bags of coffee in October 2016, which every bags of coffee containing 60 Kg of coffee. Based on data in figure 1.1., Indonesia consumes 1.68 million bags of coffee in 2000 and it was increased to 174% in 2016 which means Indonesia consume 6.56 million bags of coffee in 2016 (ICO, 2016).

Table 1.1. Worlds Coffee production and consumption rate

	2013	2014	2015	2016
Production	152.130	148.724	151.438	151.624
Consumption	146.977	149.039	151.822	155.713

Note: *Satuan yang digunakan dalam ribuan untuk karung bermuatan 60kg*. (Source: ICO)
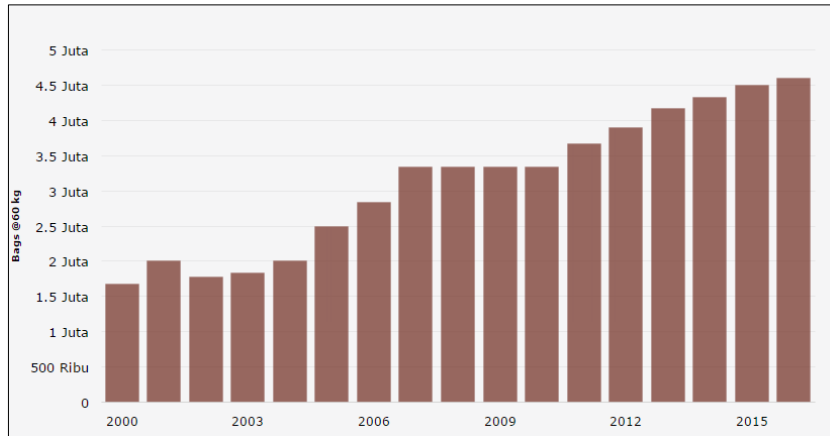
Figure 1.1. Indonesian Coffee consumption rate in 2000-2016.
Source: Databoks, Katadata Indonesia. 2016.

The coffee industry is continuing to increase due its consumer behavior. These days, café and coffee shop become a popular and start become people behavior, even become a life style (Sudarsana, 2016). Irvan Helmi, head of Indonesia Specialty Coffee committee 2014 infer that coffee was accepted by people and become a lifestyle easily (Sinaga, 2017).

People behavior can be changed easily as do as coffee trend. Previously, Third wave coffee (Sweet Coffee) is one of popular trend in coffee industry, but now Traylor predicts that in 2018, the trend of coffee will be shifted slightly into ready to drink coffee like bottled coffee (Traylor, 2017), and it is happen in Indonesia.

Demitasse Company is a company who run their business in coffee industry. According to the data above, knowing that the competition in coffee industry is tend to be high. So, Demitasse Company wants to develop a new product to keep their company's sustainability. They want to know about the relation between consumer perception and consumer attitude towards the purchase intention for helping their marketing strategy.

Research Objective

To know the relationship between consumer perception, attitude, and Purchase Intention towards bottled coffee product.
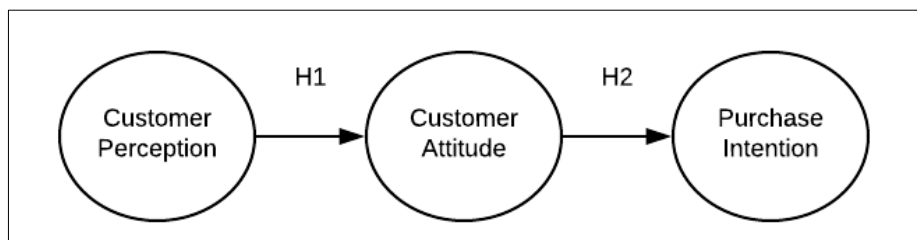
Conceptual Framework

Figure 3.1. Conceptual Framework
Source: Planned Behavior Theory

This framework is adopted from planned behavior theory (Andreanto, 2013). This research is used to know about consumer preference towards bottled coffee and wants to know the relation between customer perception, customer attitude and purchase intention. Based on this framework the hypothesis are:

H1   : There is a relation between consumer perception and consumer attitude

H2   : There is a relation between consumer attitude and purchase intention

This hypothesis is supported by several paper and research that will be explored in table 3.1.

Table 3.1. Journal Matrix of Conceptual Framework

Title	Author	Objective	Variable	Findings
Chinese Consumer Attitude and Purchase Intention towards Green Products	Yiming Tang, Xiucun Wang and Pingping Lu	To examine how Chinese consumer attitude mediates factors that influence their purchase intention towards low-displacement vehicles	- Consumer Attitude - Consumer Purchase Intention	Consumer environmental concern, perceived, effectiveness belief and functional value positively affect their attitudes such a product. Consumer attitude positively affect purchase intention. Consumer attitude fully mediates the influence of environmental concern, and partly mediates the effect of perceived effectiveness belief, and functional value on purchase intention. Consumers' awareness of government policy is not associated with attitude or purchase intention.
Factor Influencing Consumers' Purchase Intention of Green Sport wear	Changhyun Nam, Huanjiao Dong and Young-A Lee	To examine consumers' purchase intention for green sport wear by investigating the effects of their expectation, perception, subjective norm, perceived behavior control and attitude on purchasing green sport wear	- Expectation - Perception - Purchase Intention	Comparative model testing indicated significant differences between non-green and green product users in term of the effects of expectation and perceived behavior control on participants' green sport wear purchase intention.
Consumer Preference for Blended Organic Cotton Apparel	Gwendolyn Hustvedt	To identify the groups of consumer who might be interested in buying blended	- Environmental attitudes - attitudes of the consumers and important other people towards	Find out more about the consumer's attitudes and interest in purchasing the organic cotton clothing.

		organic cotton clothes and find out what kind of labeling they preferred. To find out more about the consumers' attitudes and interest in purchasing the organic cotton clothing	organic cotton clothing - skepticism towards environmental product claims, consumer self-identity, and future purchase intention	

Methods

The research approach for this research is using quantitative. Quantitative approach used to know about consumer preference and relation between consumers' perception, consumer attitude and purchase intention towards bottled coffee product.

Survey

For the survey method the researcher using questionnaire as a tools. The questionnaire will be online questionnaire and offline questionnaire.

Data Collection

For the data collection, the researcher use Bandung Citizen as the population because Demitasse's Company is located in Bandung and they have not targeted their market outside Bandung.

The researcher will use Slovin Method to determine the number of sample size for this research. The sampling method used for this research is purposive method because the researcher the sample is must understand about coffee.

Slovin Method

Slovin Method Formula: $n = \frac{N}{1+Ne^2}$

$n = The\ number\ of\ the\ sample$

$N = The\ number\ of\ the\ population$

$e = The\ number\ of\ error$

The researcher wants to have 95% of confident level which means she uses 5% for the error number. The number of Population (Bandung Citizen) is 2.490.622 people (Badan Pusat Statistik Kota Bandung , 2016). So the calculation is:

$$n = \frac{2.490.622}{1 + 2.490.622\ (0,05)^2}$$

$$n = \frac{2.490.622}{6.227,55}$$

$$n = 399,93 \rightarrow 400$$

So, the number of sample size for this research is **400 respondents**.

Data Analysis

The researcher using Partial Least Square (PLS) method. PLS used to know about the relationship between preference, attitude, and purchase intention towards bottled coffee product.

Partial Least Square

Partial Least Square (PLS) is a powerful method because it can be used for any scale of data, no need a lot of assumption, and no need a large number of sample. PLS used to confirm a theory and to test propositions (Jaya & Sumertajaya, 2008)

There are several things need to be done for this analysis process. This analysis is use smartPLS start with developing inner and outer model of the conceptual model.

Reliability Test
According to Wong (2013), evaluating indicator realibility in smartPLS can be done by squaring the outer loading one by one with the minimum result is 0.7. To check internal consistency realiability, the result is should be 0.7 or more
Validity Test
This test is used to know whether the responses from the respondens suitable with the research objective or not. To pass the convergent validity test, the number of AVE should be more than 0.5. To pass the discriminant validity test, the number of AVE's square root of each latent variable should me higher than correlation between the latent variables.
Structural Path Significance in Bootstrapping
According to Wong (2013), Bootstrapping procedure in smartPLS can get the T-statistic value to test the significance of outer and inner model. It can be used for hypothesis testing to discover the significance level between each variable tested by using two-tailed t-test with 5% of significant level. The path coefficient will be significant if the result of T-statistic is more than 1.96
Coefficients of Determination (R^2) and Strone-Geisser test (Q^2)
R^2 is a measure of coefficient of determination or the model's predictive accurancy with a value ranging from 0 to 1 (Wong, 2013). The Strone-Geisser test (Q^2) used to identify the extent of the prediction's success. The R^2 result and Q^2 can be processed to get the value of GoF (Goodness of Fit) to know about the model validity.
f Square Effect Size
f^2 effect size is used to evaluate the strength relationship between latent variables (Wong, 2013). The purpose is to find a deeper understanding than just significance of the variables, but indentify the effect's strength between them as well.
Total Indirect Effect and Total Effect
Total Indirect Effect is used to find out the percentage of independent variables' indirect effect on dependent variable trough the mediating variable. While the total effect result show the percentage of total effect from independent and mediating variable on dependent variable.
Mediating Result
Mediating result is used to find the relationship between independent and dependent variables trough the mediating variables.

Results and Discussion

Indicator Realibility Test

The indicator realibility test does describe wether or not a variable and/or sets of variables is consistent to what it measures to begin with (Urbach & Ahleman, 2010). The value of the indicator should be more than 0.70 or higher, in table 5.8 shows that all of the indicator are reliable.

Table 5. 1 Indicator Realibility Result

Variable	Indicators	Outer Loadings	Reliability
Perception	P1	0,743	Reliable
	P2	0,761	Reliable
	P3	0,750	Reliable

	P4	0,753	Reliable
	P5	0,755	Reliable
	P6	0,775	Reliable
Attitude	A1	0,715	Reliable
	A2	0,769	Reliable
	A3	0,794	Reliable
	A4	0,777	Reliable
	A5	0,720	Reliable
Purchase Intention	BI1	0,893	Reliable
	BI2	0,819	Reliable
	BI3	0,826	Reliable

Internal Consistency Realibility

In order to evaluate the construct measures, this study used the internal composite reliability. This reliability is measuring the Cronbach's Alpha and Composite Realiability. To be reliable, the result of Cronbach's Alpha and Composite reliability should be 0.7 or higher. Table 5.9 (Internal Consistency Reliability Result) shows that the Cronbach's Alpha and Composite Reliability of variable Consumer Attitude, Consumer Perception, and Purchase Intention are valid because all of the result is more than 0.7.

Table 5. 2 Internal Consistency Reliability Result

Variable	Cronbach's Alpha	Composite Reliability	Reliability
Consumer Attitude	0,813	0,869	Reliable
Consumer Perception	0,851	0,889	Reliable
Purchase Intention	0,805	0,883	Reliable

Construct Validity Test

Convergent Validity

The result of this validity can be valid if convergent validity of each item have Average Variance Extracted (AVE) 0.5 or more. The result of this validity are valid because in table 5.10 shows that the result of Average Variance Extracted (AVE) for Consumer attitude, Consumer Perception, and Purchase Intention are more than 0.5,

Table 5. 3 Convergent Validity Result

Variable	Average Variance Extracted (AVE)	Validity
Consumer Attitude	0,571	Valid
Consumer Perception	0,572	Valid
Purchase Intention	0,717	Valid

Discriminant Validity

The discriminant validity shows us whether the construct is distinctive based on empirical matter or not, or the construct correctly measures what it suppose to do. Fornel and Lacker

criterion (1981) is one of the methods to determine discriminant validity. The method determines so by comparing the variance of each construct to other constructs and the compared one has to have bigger variance. Based on table 5.11, it can be conclude that all variables passed the discriminant validiy test.

Table 5. 4

	Consumer Attitude	Consumer Perception	Purchase Intention
Consumer Attitude	0,756		
Consumer Perception	0,715	0,756	
Consumer	0,156	0,172	0,847

Structural Path Significance

Figure 5.7 show the current model cosists of three constructs that measured by 14 indicators.
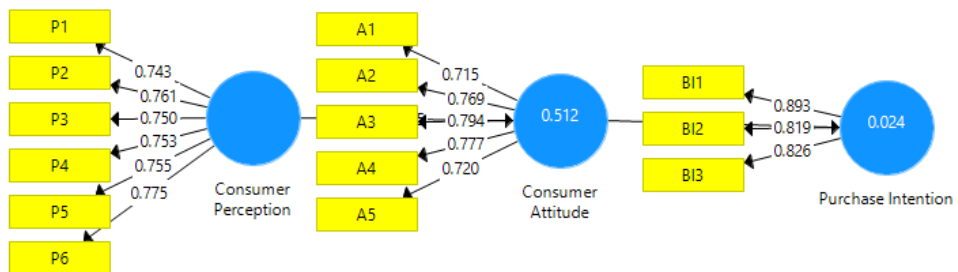

Figure 5.7 Bootstrapping Result

Table 5. 5 Effect, Variance Explained and Stone-Geisser

Structural Path	Path Coefficient	T Statistics	Coefficients of Determination (R2)	Cross-validated redundancy (Q²)
Consumer Perception → Consumer Attitude	0,715	19,493	0,512	0,272
Consumer Attitude → Purchase Intention	0,156	3,035	0,024	0,013

According to Wong (2013), R^2 is a measure of coefficient of determination or the model's predictive accuracy. Based on table 5.12, the R^2 value of consumer attitude is 0,512 which means that the latent variable (consumer perception) explain 51.2% of the variance in consumer attitude, the R^2 value of purchase intention is 0,024 means that consumer attitude explain 2.4% of the variance in purchase intention.

Table 5. 6 Goodness of Fit Result

	R Square	Q2
Consumer Attitude	0,512	0,272
Purchase Intention	0,024	0,013
GoF	0,07377	

GoF value is used to find out about the validiy of this model formed. It can be valid if the result of GoF value is more than 0.1. Based on table 5.13 the GoF value of this research is 0.07377. Thus, it means that the model formed of this research is not valid.

5.3.1. Hypothesis Testing

This sub chapter is explaining about the hypothesis test result based on the inner model path coefficient and significace by T-values.

Table 5. 7 Hypothesis Testing Result

Hyposthesis	Structural Path	t-Values	Result
H1	Consumer Perception → Purchase Intention	4,714	Accepted
H2	Consumer Attitude → Purchase Intention	3,768	Accepted

The result of hypothesis testing is shown in table 1.14. The explaination will be explained below:

H1: there is a relation between consumer perception and purchase intention.

The value of hypothesis H1 is 4.714 which is more than 1.96 at significance level of 0.05 (5%). Thus, the conclusion is there is a relation from consumer perception to purchase intention

H2: there is a relation between consumer attitude and purchase intention.

The value of hypothesis H2 is 3.768 which means it more than 0.96 at significance level of 0.05 (5%). It can be conclude that there is a relation between consumer attitude to purchase intention.

5.3.2. f Square Effect Size

Table 5.15 shows the result of f square. If the result of f square is more than 0.15, it indicates strong effect size, if it is more than 0.01 it indicates the moderate size and if it less than 0.01 it indicates the low effect size. Based on table 1.15, it can be conclude that consumer perception to consumer attitude has a strong effect size and consumer attitude to purchase intention has a moderate effect size.

Table 5. 8 f Square Result

	Consumer Attitude	Purchase Intention
Consumer Perception	1,047	
Consumer Attitude		0.025

5.3.3. Total Effect

Based on table 5.16 shows that the consumer perception affects purchase intention by 11,2% and consumer attitude affects purchase intention by 15,6%.

Table 5. 9 Total Effect Result

	Purchase Intention
Consumer Perception	0,112
Consumer Attitude	0,156

5.3.4.   Mediating Result

Mediating result is used to evaluate the relationship between independent and dependent variable trough the mediating variable. Jogiyanto & Abdillah (2014) stated the requirements to get the mediating effect:
1. Test the effect of independent variable on dependent variable and must be significant
2. Test the effect of independent variable on mediating variable and must be significant
3. Test the effect of independent and mediating variable on dependent variable. The result between independent and mediating variable must be not significant and the result between mediating and dependent variable must be significant.

To be significant, the result of T statistic must be more than 1.96 and P value must me less than 0.05. The result of this research will be explaining in table 5.17, 5.18 and 5.19.

Table 5. 10 Total Effect Result of Independent to Dependent Variable

	T Statistic	P Values
Consumer Perception → Purchase Intention	4.766	0.000

Based on table 5.17, known that the total effect result of independent variable on dependent variable is significant. Thus, the first requirement is fulfilled.

Table 5. 11 Total Effect Result of Independent on Mediating Variable

	T Statistic	P Values
Consumer Perception → Consumer Attitude	20.317	0.000

Based on table 5.18, known that the total effect result of independent variable on mediating variable is significant. Thus, the second requirement is fulfilled.

Discussion:

This reseach generate the result that there is a relation between consumer perception to consumer attitude and consumer attitude to purchase intention.
H1 stated that consumer perception has a relation with consumer attitude
H2 stated that consumer attitude has a relation with purchase intention
This is happen because when a consumer has a positive perception it will influencing their attitude, when they have a positive attitude towards a product it will influencing the purchase intention.
For example, when a consumer has a preference that Demitasse Product is tasty it makes the consumer like Demitasse Product. When she like it, she will purchasing Demitasse product, not another product from different brand.
It can be conclude that consumer perception and consumer attitude significantly affect consumers' purchase intention.

Conclusions

The purpose of this research is to help Demitasse Company for developing their new product because the competition in coffee industry is tend to be high. This research is helping Demitasse Company to indentify the consumer perception, attitude, and preference towards bottled coffee product. This research is used to know about the relationship between consumer perception, attitude and purchase intention as well. The data collection was collected by questionnaire and in depth interview with coffee consumers. The interview is using structured interview method. The questionnaire

The result of this research are used to answer research question below:

RQ: How is the relationship between consumer perception, attitude and purchase intention towards bottled coffee product?

Based on PLS result, known that the relation between consumer perception, consumer attitude and purchase intention have a positive relation. So it means the perception of consumer will affect the attitude of consumer and consumer attitude will affect the consumer perception towards bottled coffee product. This information is help Demitasse Company to make a good perception towards their product to make a good attitude and purchasing their product.

Recommendation

The result of this research make several recommendation for Demitasse Company, which are:

PLS result of this research said that there is a positive relation between consumer attitude, consumer perception and purchase intention towards bottled coffee product, which means consumer attitude and consumer perception influence purchase intention. Company should be aware with consumer perception and consumer attitude towards their product because it influences consumers' purchase intention. They should know about their consumers's perception and attitude towards their product so they can evaluate their product. The recommendation of this research is Demitasse Company should ask their consumers' perception towards their product periodically to evaluate their own product

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