



Factors that Affect Buying Decisions on Kopi Kenangan

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ABSTRACT

Within three years, Kopi Kenangan managed to increase sales and increase its outlets to 324 outlets spread across 18 major cities throughout Indonesia. It is interesting to study to get answers to what factors encourage consumers to buy Kopi Kenangan. After conducting a review of previous research, the research objective is determined, namely to analyze the effect of price, promotion, brand image, and online purchases on consumer purchasing decisions. The population is consumers who have bought Kopi Kenangan in Jakarta and Bekasi. The sample Unit is 134 respondents. Data analysis using SEM with PLS program. The results showed that price, promotion, and brand image separately affected consumer purchasing decisions. The surprising finding is that online purchases do not affect purchasing decisions. The results of this study become a reference for this and other companies in increasing their sales, as well as input for the development of the theory that different marketing strategies from competitors are driving increased purchasing decisions.

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INTRODUCTION

Coffee consumption in Indonesia in the period from 2016 to 2020 has increased rapidly, 250 thousand tons in 2016, is predicted to reach 353 thousand tons in 2020, or experience an average growth of 8.22% per year (Katadata.co.id). This growth was followed by the growth of 1,083 coffee shops in 2016 to 2,937 in 2019 (Mix Marketing & Communication, 2019).

Kopi Kenangan is one of the coffee shops that was originally established in Jakarta, which carries the concept of Grab and Go, namely the outlet does not have too many tables and chairs and does not provide heavy food. Initially launched, in 2017, Kopi Memories received an extraordinary response, which managed to sell 700 cups of coffee. Furthermore, in less than 3 years it has 324 outlets operating in 18 major cities throughout Indonesia. This achievement needs to be explored further and questioned about the factors that cause Kopi Kenangan's performance to increase sharply, as reference material for other companies, as well as for the development of Kopi Kenangan's business.

According to Shrivastav (2020), appropriate pricing is an important strategy and needs to be carried out by companies. The results of his research show that consumers who think that the price of coffee is too expensive, do not choose takeaway coffee, and vice versa. This is in line with the research of Lee and Cho (2015) that there are two groups of consumers, namely sensitive to price, and not sensitive to price. The results of research by Lusiah (2019) and Huang et al. (2014) show that

promotions in the form of price discounts affect consumer decisions to choose Coffee. Furthermore, coffee consumer satisfaction is influenced by appropriate coffee prices (Kim and Jung, 2016). In line with some of these opinions, the price has an effect on online coffee purchasing decisions (Karima and Mulia, 2021).

In addition to price considerations, factors that influence purchase decisions are brand image, promotion, advertising, motivation, and atmosphere & environment, as well as taste (Huang and Dang, 2014). Shrivastav (2020) also argues that aroma, and taste influence consumer purchasing decisions, in addition to attractive advertising. On the other hand, there needs to be alignment between coffee brands and consumer desires in order to produce an appropriate brand image and encourage purchase decisions (Ranfagni et al., 2020; Kim and Lee, 2017). Likewise, the choice of coffee with a brand image that is firmly embedded in consumer perceptions has an effect on increasing consumer satisfaction (Khalikussabir & Waris, 2021). Factors that need to be considered in purchasing decisions are the ease of shopping. Ease of shopping can be done with online purchases (Davis, 1986).

Based on previous research, there are various factors that cause purchasing decisions. Furthermore, preliminary research was conducted to select the variables to be tested in influencing purchasing decisions. The initial survey was conducted on 30 respondents, where the results showed that price factors, brand image, promotion, and online purchases through the application caused them to purchase Kopi Kenangan. Based on the explanation above, it is necessary to find out how consumers perceive the strategy set by the company, which is formulated in this research objective, namely to analyze the effect of price, promotion, brand image, and online purchase on buying decisions. The research framework is based on the concept of quantitative research starting with population choice, sample, and analysis of the results of data processing to answer hypotheses and research objectives. Based on the research objectives and explanation above, the following hypotheses and framework were developed.

The definition or dimensions of price in this study are price affordability, price competitiveness, and price suitability. Price competitiveness is the suitability of price with product quality, including the right price. Furthermore, it is explained that the suitability of coffee prices is achieved if the price is in accordance with the taste, aroma, and consumer satisfaction (Kim & Jung, 2016). Price affordability includes prices that are relatively affordable and in accordance with the purchasing power of consumers (Adi & Meriana, 2019; Victor et al., 2018). Consumers who choose takeaway coffee, Grab on Go, and online have different motivations compared to buying coffee in cafes, one of the considerations is affordability (Shrivastav, 2020). One of the dimensions of the price variable, namely competitive prices in this study is prices that can compete with prices from other companies, as well as economical prices (Farm, 2016). On the company side, prices are set to reach the company's margin target (Sudaryanto et al., 2019). On the coffee consumer side, the results of previous studies show that price has an effect on purchasing decisions (Shrivastav, 2020; Adi & Meriana, 2019; Cakini et al., 2019; Victor et al., 2018; 2019; Huang & Dang, 2014; Huang et al., 2018). al., 2014). Based on this, the following hypothesis was developed:

H1: Price has a significant effect on buying decisions.

From the producer side, according to Tarigan et al. (2018), promotion is an effort to persuade people to accept products, concepts, and ideas. From the consumer side, promotions given by producers are consumer responses in receiving and perceiving products, concepts, and ideas, to be further processed into purchasing decisions, or the opposite response. Promotions are received by consumers in the form of offline and online. The promotion dimensions in this study are; buy one get one and price discount (Zhu et al., 2019; Lusia, 2019; Huang & Dang, 2014; Huang et al., 2014), word of mouth promotion (Susanti & Wulandari, 2021; Winarno et al., 2019), and promotional content (Shrivastav, 2020; Zhu et al., 2019; Adi & Meriana, 2019; Richa et al., 2018). According to several previous researchers (Susanti & Wulandari, 2021; Shrivastav, 2020; Lusia, 2019; Zhu et al.,

2019; Huang & Dang, 2014; Huang et al., 2014) promotion has an effect on purchasing decisions. Based on this, the following hypothesis was developed:

H2: Promotion has a significant effect on buying decisions.

Brand image is the overall representation of consumer perceptions of product brands. Brand image is the consumer's response to the information conveyed about the product packaged in the product brand. Perceptions about brands that represent product value, then become materials to be developed through learning as the basis for the emergence of intentions and further into purchasing decisions. This is reinforced by Nurhayati (2019) regarding the definition of brand image. Several previous researchers (Susanti & Wulandari, 2021) found that brand image affects purchasing decisions, especially coffee purchasing decisions (Jelison, 2017; Fabiano et al., 2017), and affects repurchase intention (Edward & Yu, 2016). Based on this, the following hypothesis was developed:

H3: Brand image has a significant effect on buying decisions

Online purchases are considered by consumers, where making purchases is based on perceptions of convenience and perceptions of usefulness (David, 2006). Some researchers argue that online purchases have an effect on increasing purchasing decisions (Al-Azzam & Al-Mizeed, 2021; Bhagyasree & Venugopal, 2021; Richa et al., 2018). Research by Richa et al. (2018) shows that by making online purchases, consumers get transaction speed, security, and follow trends. Al-azzam & Al-Mizeed (2021) argue that the adoption of digital marketing companies can increase brand awareness, or consumers can more easily strengthen product brand awareness by transacting digitally. The opinion of Bhagyasree & Venugopal (2021) is in line with TAM Theory (Davis, 1986), that online purchases can facilitate transactions (perceived ease of use dan perceived usefulness). Based on this, the following hypothesis was developed:

H4: Online purchase has a significant effect on buying decisions

RESEARCH METHOD

The research process begins with planning, searching, and collecting data, processing data, analyzing data, and writing articles. This research is quantitative research, which is to determine and analyze the effect of exogenous variables on endogenous variables. Exogenous variables include price variables (X1), promotions (X2), brand image (X3), and online purchase (X4), and the endogenous variable is purchasing decisions (Y). The dimensions of the price variable (X1) include price affordability, price competitiveness, and price suitability. The dimensions of the promotion variable (X2) buy one get one, discounted price, word of mouth (WOM), and promotional content. The dimensions of the brand image variable (X3) are brand strength, excellence, and brand uniqueness. Variable dimensions of online purchases are perceived usefulness, perceived convenience, and drive to use.

The structural equation model is used as an analysis method with Smart-PLS software. The steps taken were started by testing the validity of the variable construct indicators, as well as the validity and reliability of the variables. Furthermore, hypothesis testing from the path analysis results, as well as description analysis to determine the opportunities for other variables that affect endogenous variables. The population in this study were consumers who had purchased Kopi Kenangan in Jakarta and Bekasi. The sample collected was 134 respondents who met the minimum requirements for the arrow pointing to the latent variable in the model, namely 4 samples required at least 65 (Hair et al., 2013 in Yahaya, 2019). Sampling was done by non-probability sampling method and purposive sampling technique.

RESULTS AND DISCUSSIONS

Result

The majority of respondents aged 21-30 years were 122 respondents or 91% of the total 134 respondents, the rest were aged more than 31 years as many as 10 or 7.4%, and those aged less than 21 years were 1 person or 1.5%. Female respondents were 96 or 71.6%, and male respondents were 38 respondents or 28.4%.

Some indicators have a loading factor < 0.60, namely 1 indicator of variable (X1), 2 indicators of variables X2, and 1 indicator of variable X4. These indicators are omitted because they are invalid indicators to measure the construct. After the invalid indicators are removed, all indicators have a loading factor > 0.60, meaning that all indicators are valid indicators to measure the construct and deserve to be processed further. Furthermore, Cronbachs Alpha for each construct > 0.70, Composite Reliability for each construct > 0.70 and Average Variance Extracted (AVE) for each construct > 0.50 meaning that all constructs are reliable and valid.

Path Analysis Test Results are used to analyze whether each hypothesis is supported. The following is a Path Analysis table (Table 1), as well as an image of the constructed model (Figure 1):

Table 1. Path analysis test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	
Brand Image (X3) -> Buying decision (Y)	0.382	0.394	0.098	3.903	0.000	Supported
Online Purchase (X4) -> Buying decision (Y)	-0.084	-0.081	0.070	1.199	0.231	Non Supported
Price (X1) -> Buying decision (Y)	0.210	0.203	0.104	2.024	0.043	Supported
Promotion (X2) -> Buying decision (Y)	0.299	0.302	0.094	3.173	0.002	Supported

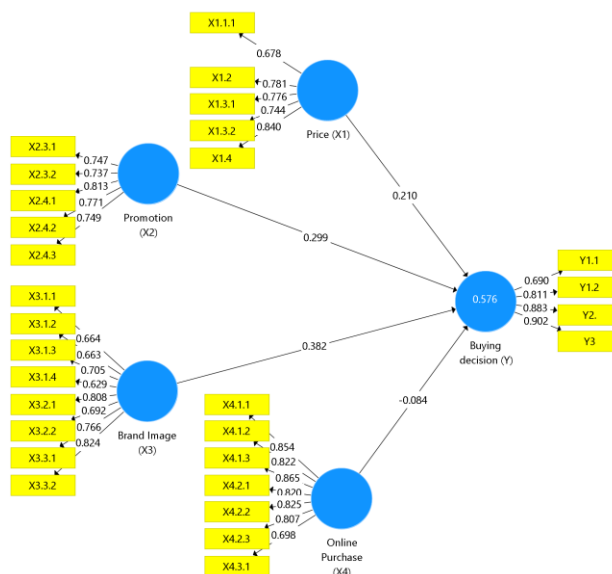


Figure 1. The constructed model

Discussions

Price influences purchasing decisions, and most of the respondents (91%) who represent the consumer population are millennials, aged 21-30 years so Kopi Kenangan's strategy of providing affordable, competitive, and quality-appropriate prices influences consumer purchasing decisions.

The results of this study indicate that the price with quality according to taste is an influencing dimension. Thus, millennial consumers are sensitive to coffee prices. The opinions of other researchers are also in accordance with this study (Karima and Mulia, 2021; Adi & Merina, 2019; Delian et al., 2018; Kim and Jung, 2016; Huang et al., 2014).

Promotions carried out by buying one get one, discounted prices, relying on WOM, and promotional content influence consumers in improving purchasing decisions. Respondents, mostly millennials, have the desire and need to be included in these factors, which in turn influence purchasing decisions.

Kopi Kenangan's strategy with discount verification and buy one get one became content that flowed by word of mouth, coupled with supporting promotions, so that at the beginning of its launch 700 cups were sold. Furthermore, this achievement becomes an interesting addition to the flow of information by word of mouth. The results of this study are in accordance with previous studies (Susanti & Wulandari, 2021; Shrivastav, 2020; Lusiah, 2019; Zhu et al., 2019; Huang & Dang, 2014; Huang et al., 2014).

A fast brand strengthens consumer perceptions, making brand image a factor that influences the improvement of purchasing decisions. The easy-to-remember Kopi Kenangan brand quickly raises the perception of contemporary coffee that is close to consumers, because everyone must have memories, besides that the brand image is synonymous with affordable prices and appropriate contemporary quality. The results of this study are similar to previous studies (Susanti & Wulandari, 2021; Jelison, 2017; Fabiano et al., 2017; Edward & Yu, 2016).

The surprising finding is that online purchases have no significant and negative effect on purchasing decisions. Millennials are very familiar with online purchases, and they do not experience problems in making online purchases, so online purchasing variable indicators such as convenience, usability, and encouragement to use applications no longer have an effect on improving purchasing decisions. In addition, other coffee companies also sell online. Thus, online purchases are not a factor that differentiates consumers' decisions whether to buy coffee at Kopi Kenangan or buy coffee with other brands. Because it is not a distinguishing factor, the online purchase offered by Kopi Kenangan in the form of a downloadable application does not affect consumers' decisions to buy Kopi Kenangan. This is in accordance with the fact that offline purchases were the beginning of the development of Kopi Kenangan. However, this study contradicts previous research (Davis, 1986; Al-Azzam & Al-Mizeed, 2021; Bhagyasree & Venugopal, 2021; Richa et al., 2018).

CONCLUSION

The results of the study indicate that the factors that influence purchasing decisions are factors that differentiate between the strategies offered by Kopi Kenangan and those offered by competitors. The difference is adjusted to the target market, in this case millennials. Price factors, promotions, and brand image are factors that become a concern and encourage consumer decisions for Kopi Kenangan, in this case millennials, because 91% of respondents are millennials. On the other hand, online purchases that have been prepared by all coffee serving companies are not an influential factor in increasing purchasing decisions. Thus, TAM Theory (Davis 1986) which contains factors of perceived usefulness and perceived benefits, which are dimensions of online purchasing variables, is not proven to have an effect on purchasing decisions.

The results of this study become input for Kopi Kenangan to continue to carry out price strategies and promotional strategies that are in accordance with the desires and needs of millennial consumers who are apparently pricing sensitive. Also, it is necessary to continuously develop

strategies to increase brand value. In addition, the results of this study are useful for other coffee serving companies to develop their marketing strategies.

To dig deeper into the factors that cause Kopi Kenangan's marketing strategy to be accepted by consumers, it is necessary to study more than a few factors tested in this study. This is indicated by the adjusted R square value of 56.2%, which means that there are 43.8% of other factors other than those tested, which cause an increase in consumer decisions. Thus, there are opportunities for other researchers.

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