

CHAPTER 1

INTRODUCTION

1.1 The Background of the Study

The Food & Beverage business is one of the fastest-growing businesses in the world, including Indonesia. Business in Food & Beverages Sector is a basic human need that will never stop being consumed. The rapid development of the business Food & Beverages sector has finally created very tight competition among business actors in this field. The goal to be achieved by a company is to obtain the maximum profit, in addition to other things. Therefore, these businesspeople continue striving to create unique product innovations to attract consumers.

Apart from the many types and flavors of food, recently the beverage sector has also experienced significant developments in terms of variety, and many have become viral trends and are interesting for many consumers to try. The phenomenon of drinking coffee at coffee shops has become a habit in today's urban communities, such as in Jakarta, Bandung, Semarang, Surabaya, and other big cities. The modern coffee shop seems to have become a middle-class identity to hang out with. They gather more at the Coffee Shop than a restaurant, they rely more on the Coffee Shop to hang out or have a meeting.

Coffee shops in Indonesia are growing rapidly and continue to increase in line with increasingly dynamic regional developments, as well as people's lifestyles and coffee consumption which is also increasing. However, Central Java has a trend not only in the capital city of Indonesia, with various coffee shops, especially in the city of Semarang. According to data from Semarang City, the total population

in the city of Semarang in 2021 is 1,656,564 residents. The city also has a variety of coffee shops that attract many communities. According to data from Portal Semarang Satu Data, Semarang has 169 cafes in 2022.

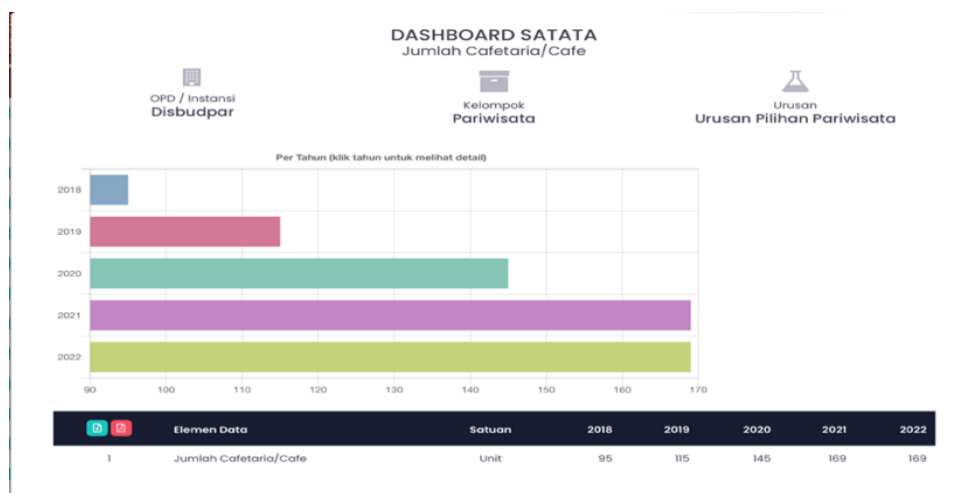


Figure 1.1 Total of Coffee Shops in Semarang City

Source: Data Semarang Kota2020)

With so many coffee shops in the city of Semarang, consumers are confused in choosing a coffee shop because of the many choices of coffee shops on the market. Therefore, companies need a superior strategy to be able to compete. It takes a variety of marketing activities that must be developed in the future. Companies need to create strategies that can compete with competitors in the community. This strategy must be designed to realize a sustainable competitive advantage so that the company can dominate in both the old and new markets.

Coffee Shop has become a lifestyle for young people. By visiting the Coffee Shop, it seems that various facilities can be obtained for free, such as wifi. In the current phenomenon, many people come to the Coffee Shop also to enjoy the facilities, not just for a cup of coffee. It turns out that not all who visit this Coffee

Shop order coffee, many also choose non-coffee drinks such as Matcha, Chocolate, Cookies n Cream, Red Velvet, iced tea, or other drinks.

Competition to get quality products makes companies engaged in various business fields compete to improve the quality of their products to protect their consumers. Consumer purchasing decisions that involve perceptions of quality, value, and price make consumers have characteristics that distinguish products from one another. Therefore, competitive advantage grows out of the beneficial values created by the company for its buyers.

One factor that can influence purchasing decisions is product quality. The company's success today makes product quality essential in influencing consumers to make purchasing decisions. According to Kotler & Armstrong (2007), product quality is a potential strategic weapon to beat competitors. Companies with good product quality will survive and snowball compared to those with poor product quality. Companies should pay attention to product development and ensure that it aligns with the needs and desires of consumers or target markets.

Some consumers will be willing to buy if the products sold are as expected by consumers when they consume them. Consumers are willing to sacrifice their money to buy certain products if the product can meet their expectations. If a product is judged to have better quality than competing products, consumers will tend to choose to buy that product (Kotler, 2002). The results of research conducted by Oktrichaendy (2022) with the title "The Effect of Product Quality and Service Quality on Purchasing Decisions in Lost in Coffee Semarang", show that product quality variables affect purchasing decisions.

The definition of the price according to Kotler and Armstrong (2001) is the amount of money charged for a product or service or the amount of value exchanged by consumers for the benefits of having or using the product or service. Price is also a very important factor because pricing considers the quality or quantity provided. Prices greatly affect sales in the field of Food & Beverages. High and low prices will affect the level of sales. In addition, prices also indirectly affect costs, because the quantity sold affects the costs incurred regarding production efficiency. Therefore, pricing affects total revenue and total costs, so pricing decisions and strategies play an important role in the company (Tjiptono, 2002). Research conducted by Rahma & Hermani (2021) with the title "The Effect of Product Quality and Price on Consumer Loyalty (Case Study at Peacockkoffie Gombel Semarang)", shows that the variable price affects consumer loyalty.

Purchasing decisions are the main driver for customer satisfaction. Price is included in the factors that can influence purchasing decisions. If the product purchased and the quality of the product is to consumer expectations, consumers will feel satisfied with the product. According to Lumpioadi (2001), products or services that have the same quality but set a relatively low price will provide higher value to their customers. From this theory, Consumers will likely choose products with lower prices if the price is relatively low with the same product quality. However, the price is also in line with the quality of the product, if the quality of the product is high, the price set will also be high. So in this case the company must pay attention to how the pricing strategy will be set.

Table 1.1 Price of the Menu at Secangkir Coffee

No	Menu	Price	No	Menu	Price
1	Secangkir Aren	23.000	20	Lychee Tea	25.000
2	Secangkir Arancia	25.000	21	Lemon Tea	21.000
3	Tiramissu Latte	24.000	22	Hot Secangkir Americano	21.000
4	Secangkir Alla Mella	25.000	23	Cappuccino	25.000
5	Orange Curacao	25.000	24	Latte	25.000
6	Secangkir Americano	21.000	25	Hot Matcha Latte	24.000
7	Hazelnut Latte	24.000	26	Hot Secangkir Aren	28.000
8	Vanilla Latte	24.000	27	Hot Chocolate	24.000
9	Matcha	24.000	28	Hot Tea	15.000
10	Chocolate	22.000	29	Mie Secangkir	21.000
11	Hazelnut Chocolate	23.000	30	Mie Ayam Curry	25.000
12	Caramel Milk	24.000	31	Mie Ayam Saus Keju	25.000
13	Vanilla Milk	24.000	32	Nasi Ayam Curry	25.000
14	Hazelnut Milk	22.000	33	Nasi Ayam Salted Egg	25.000
15	Klepon	23.000	34	Nasi Ayam Honey Butter	25.000
16	Kopi Klepon	25.000	35	Nasi Ayam Rendang	25.000
17	Cookies n Cream	28.000	36	Tempe Mendoan	13.000
18	Choco Crunchy	25.000	37	Pisang Goreng	15.000
19	Iced Tea	18.000	38	Mixed platter	20.000

Indirectly, the importance of product quality and price in purchasing decisions makes companies must have standardization in setting prices and product quality to achieve their goal of getting profit through purchasing decisions. Such as using quality materials to maintain product quality so that the products presented are following consumer expectations and variations in pricing according to the products provided so that consumers choose these products and are not disappointed or satisfied with the products they have purchased.

As a coffee shop in Semarang, Secangkir Coffee also faces several issues, such as the quality of products and price in purchasing decisions. Therefore, the researcher is interested in looking thoroughly into those issues. Secangkir Coffee is a new cafe that was established on 10 August 2022. It is located on Jalan Kawi Raya No.49, Sumurboto. Secangkir Coffee offers a comfortable place and has a visual aesthetic value in the layout of the space provided. Apart from that,

Secangkir Coffee also offers high-quality food and beverage products at relatively low prices. However, for the past few months, Secangkir Coffee, through a decrease in sales, makes the researcher would like to know the reason behind it. The researcher wants to know if the decrease in sales is related to the product's quality or price.

Table 1.2 Sales Turnover Data from Secangkir Coffee Semarang for August 2022 – January 2023

Month	Sales Turnover	Changes in Sales	Growth (%)
August (2022)	Rp 26.137.000	-	-
September (2022)	Rp 28.685.000	Rp 2.548.000	(+) 9,75%
October (2022)	Rp 23.717.000	(Rp 4.968.000)	(-) 17,31%
November (2022)	Rp 19.939.000	(Rp 3.778.000)	(-) 15,92
December (2022)	Rp 14.473.000	(Rp 5.466.000)	(-) 27,41%
January (2023)	Rp 15.894.000	Rp 1.421.000	(+) 9,81%

Based on various background problems, researchers are interested in researching more about product quality and prices and their effects on purchasing decisions in Secangkir Coffee Semarang, so this research is entitled “THE EFFECT OF PRODUCT QUALITY AND PRICE ON PURCHASING DECISIONS (STUDY ON CONSUMERS AT SECANGKIR COFFEE SEMARANG)”.

1.2 Formulation of the Problem

Based on the background of the above problems, the problem can be formulated as follows:

- a) Does Product Quality Affect Purchase Decisions at Secangkir Coffee Semarang?
- b) Does Price Affect Purchase Decisions at Secangkir Coffee Semarang?
- c) Do product quality and price affect purchasing decisions at Secangkir Coffee Semarang?

1.3 Research Purpose

Following the problems that have been formulated, the research objectives to be achieved are as follows:

- a) To determine the effect of product quality on consumer purchasing decisions at Secangkir Coffee Semarang.
- b) To find out the effect of price on consumer purchasing decisions at Secangkir Coffee Semarang.
- c) To find out the effect of product quality and price on consumer purchasing decisions at Secangkir Coffee Semarang.

1.4 The Benefit of the Study

The benefits of this research are the impact of the objectives of this study. The benefits of this research are:

1. For Authors

This research is expected to be useful for the author to practice the knowledge that the author has obtained in lectures, as well as to add insight and experience to researchers regarding the influence of product quality and price on consumer purchasing decisions.

2. For Secangkir Coffee

Providing information and advice to Secangkir Coffee regarding product quality and price can be a factor that influences consumer purchasing decisions so that it can be used as a strategy companies to increase the company's sales targets.

3. For Academics

This research is expected to be used as reference material for further research

that will examine the effect of product quality and price on consumer purchasing decisions and can contribute to the development of science.

1.5 Theoretical Framework

1.5.1 Consumer Behaviour

One of the company's goals in conducting business activities is to create and retain consumers. Consumer behaviour according to Kotler and Keller (2008), namely the study of how individuals, groups, and organizations select, buy, use, and how goods, services, ideas or experiences satisfy their needs and wants. According to Schiffman and Kanuk (2008), consumer behaviour describes the way individuals make decisions to utilize their available resources to buy goods related to consumption.

Basically, consumer behavior is generally divided into 2 namely rational and irrational consumer behavior. Rational consumer behaviour is an act of consumer behaviour in purchasing goods and services that prioritizes consumer aspects in general, namely the level of urgent need, primary needs, and the usability of the product itself to the buying consumer, while irrational consumer behaviour is consumer behaviour that easily persuaded by the lure of discounts or marketing of a product without prioritizing aspects of need or interest.

In understanding consumer behaviour there are several things that must be considered and studied, such as 5w and 1h question. Consumer-oriented companies must know the behaviour of consumers. Information on consumer behaviour can provide an overview of consumer needs and desires so that companies are able to fulfill them.

Meanwhile, as a field of study, consumer behavior focuses on the consumption process experienced by consumers in order to fulfill their needs and wants, as well as the process of using and transforming goods, services or ideas into value. According to Tjiptono (2015) consumer behavior with regard to understanding a number of decisions, namely regarding whether, what, why, when, where, how, how much, how often and how long consumers will buy, use, or stop using specific products.

- a. Whether to buy, When consumers get additional money, for example, they will decide whether to spend the money or save it. The decision is influenced by several factors, including personal goals, perceptions of financial security, purchase urgency, and so on.
- b. What to buy. What is purchased can be a comparison between product categories and between brands.
- c. Why, The reasons consumers buy specific products can be varied, such as meeting needs, values, or personal goals.
- d. How to buy, use or dispose of products. How consumers obtain products can be classified into eight categories: buying, trading, renting or leasing, bartering, finding, stealing, and sharing.
- e. When to buy, Timing of consumer behavior depends on several factors, such as perceptions of time and attitudes toward time.
- f. Where to buy, Consumers have many choices for shopping.
- g. How much, how often, how long to buy. This decision really depends on each individual and between cultures. In principle, sales of a product can increase

when consumers use the product more, more frequently or use it for a longer period.

Consumer behaviour is something that underlies consumers to make decisions in a purchase. Consumer behaviour is studied to understand what consumers want and do. According to Firmansyah (2018) consumer behaviour is a process that is closely related to the existence of a purchasing process, where at that time consumers carry out activities such as searching, researching, and evaluating a product and service.

According to Kotler and Keller (2016) states that consumer behaviour is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.

Consumer purchasing decisions are influenced by consumer behavior. Companies must recognize consumer behavior to find out what consumers need so that companies are expected to be able to meet consumer needs which will have an impact on loyalty. According to Kotler and Armstrong (2008) there are several roles for consumers in purchasing.

1. Initiator, namely the person who first suggested buying a particular product or service.
2. Influencer buyers, namely people whose views or advice buy the final decision-making weight.
3. Decider, namely the person who determines part or all of the purchasing decision, whether the buyer, what to buy, when to buy, how to buy, and where to buy.

4. Buyer, namely people who make real purchases.
5. Consumers, namely people who consume or use products or services.

1.5.2 **Marketing**

Marketing is a series of processes carried out by companies to create value for customers by creating, delivering, and communicating superior company value (Kotler and Armstrong, 2014). Meanwhile, Venkatesh and Penaloza in Tjiptono (2011) define marketing as a series of activities carried out by companies to stimulate demand for their products and services and ensure that products are sold and delivered to customers. Based on the above understanding, it can be concluded that marketing is a process or activity of creating, communicating, offering, and exchanging something of value to meet the needs and desires of each other between companies and consumer. Companies must be able to provide satisfaction to their customers if they want to get a good response from them and can be responsible for the goods or services they offer. Thus, all company activities must be directed at providing satisfaction to consumers which ultimately aims to benefit the company and make a profit.

According to Kotler and Keller (2012), the marketing mix is a set of marketing tools that the company uses to achieve its marketing goals continuously. In carrying out marketing activities, the company combines four variables that are very supportive in determining the marketing strategy, the combination of these four variables is known as the marketing mix which consists of product, price, place, and promotions. Kotler and Keller (2012) describe the marketing mix or marketing mix, including:

1. Product

A product is something that can be offered to get attention so that the product being sold is bought, used, or consumed which can fulfill a need or desire from consumers.

2. Price

Price is the amount of value that consumers exchange for the benefits of having or using a product or service whose value has been set by the seller for the same price to all consumers.

3. Place

Location is associated with a distribution channel aimed at reaching target consumers. This distribution system includes location, transportation, warehousing, and others.

4. Promotion

Promotion is a way of marketing to communicate and sell a product to consumers.

1.5.3 **Product Quality**

According to Mullins and Walker (2005) defines a product is anything that fulfils a want or need through use, consumption, or acquisition. Mullins (2005) also added that to maintain a competitive advantage in the market, companies must understand aspects of product quality dimensions, namely reliability, suitability, durability, design, service, and perceived quality. According to Orville, Larreche, and Boyd (2005) there are seven indicators of product quality, namely:

1. Performance

Performance includes the key operational characteristics of the core product purchased. Operational characteristics such as comfort, convenience, speed, and others.

2. Additional Facilities (Features)

Additional facilities are complementary facilities including facilities outside the main product facilities.

3. Reliability

Reliability, namely the belief that the product will satisfy and is less likely to be damaged even if it is not used for a long time.

4. Compliance with specifications (Conformance with specifications)

Conformity specifications whether the design and operational characteristics have been met in accordance with the standards view.

5. Durability

Durability is the length of time the product can be used properly, comfortably, and safely.

6. Aesthetics

Aesthetics, namely the attractiveness of the product through the advantages that can be captured by the five senses.

7. Perceived quality

The impression of quality is the result of using indirect measurements because there is a possibility that consumers do not understand or lack information about the product in question.

1.5.4 Price

Price is one of the most important factors in determining market demand. Nowadays, more and more new businesses are engaged in the same field, requiring companies to be able to determine the price of the product or service they sell correctly. Price competition greatly affects the survival or failure of a company to face its competitors.

According to Kotler and Armstrong (2008), 4 indicators characterize prices, namely: price affordability, price conformity with product quality, price competitiveness, and price suitability with benefits. According to Andi (2015), Price is the main factor that can influence a buyer's choice, price is influential in determining consumer purchases, for that before setting a price, the company should look at some reference prices for a product that is considered rather high in sales. Price is quite sensitive to consumers in purchasing a product. However, in addition to the price factor, other factors that are also considered by consumers in deciding on purchases such as brand image, store location, service, value, product features, and quality. Some consumers think that if the price is high then it has high quality. According to Rahman (2010), the marketing strategy through price is divided into 6 strategies, namely as follows:

1. Penetration Price

Penetration price is a marketing approach strategy that sets a lower selling price than the normal price to accelerate market penetration or acceptance of the products offered.

2. Skimming Price

In contrast to the penetration price, the skimming price sets the price at a high level for a certain time. This strategy assumes that certain consumers will pay a high price for the product, both goods and services by considering the product to be of prestigious value.

3. Follow the Leader Price

Follow the Leader Price is a pricing strategy according to market leaders, by making competitors models in setting prices for goods or services.

4. Variable Price

A business unit establishes a variable pricing strategy to offer price concessions to certain consumers. In some business units, many companies set a price list in two parts, namely the standard price and the price with allowances for certain buyers.

5. Flexible Price

This strategy offers a marketing approach with different pricing to reflect differences in consumer demand.

6. Price Linning

Price linning is a marketing approach by setting several different price levels for merchandise.

1.5.5 **Purchasing Decisions**

Purchasing decisions are decisions made based on thinking where an individual or group evaluates various options and decides which option they will choose. According to Tjiptono (2012), purchasing decisions are a process where

consumers recognize the problem, seek information about a particular product or service and evaluate well each alternative that can solve the problem, which then leads to a purchase decision. Kotler and Armstrong (2012) divide the stages of the consumer decision-making process into five stages, namely:

1. Recognition of needs

This is the first stage of the buyer decision process, in which the consumer becomes aware of a problem or need.

2. Information search

This is the stage where consumers want to find more information about the product.

3. Evaluation of alternatives

This is the stage where consumers use the information obtained to evaluate alternative products or services in a group of existing choices.

4. Purchase decision

It is a decision made by consumers about which product or service is the most preferred.

5. Post-purchase behavior

It is the stage of the buying decision process in which consumers take further action after purchasing a product or using its services.

1.6 Correlation Between Relationship Variables

1.6.1 The Effect of Product Quality on Purchasing Decisions

When consumers will make a purchase decision, product quality is one of the most important considerations, because the product is the main goal for consumers to meet their needs. If consumers feel they are suitable for a product

and the product can meet their needs, then consumers will decide to buy the product continuously (Nabban and Kresnaini, 2005). So do not be surprised if before someone decides to buy an item, the buyer will try to find information about the product to be purchased. Many experts claim that the first law of quality is to do everything right from the start. Consumer interest will be realized when this is achieved, and interested consumers will make further purchases.

1.6.2 The Effect of Price on Purchasing Decisions

According to Kotler & Armstrong (2011), price is the amount of money charged for a product or service or the amount of value exchanged by consumers for the benefits of having or using the product or service. When a customer evaluates and evaluates the price of a product, it will be greatly influenced by the behavior of the customer himself (Sumarwan, 2004). Prices cause various interpretations in the eyes of consumers. Depending on personal characteristics, background, and environmental influences, consumers will have different interpretations and perceptions.

A company needs to see and compare the prices set by competitors so that the prices set by the company are not too high or vice versa so that the prices offered can lead to consumer desire to make purchases.

1.6.3 The Effect of Product Quality and Price on Purchasing Decisions

In making a purchase, consumers will expect that the prices set by the company can be affordable and according to their wishes. Therefore, the consumer's desire to buy a product is strongly influenced by the price, so the price has two main roles (Tjiptono, 2000).

1. The role of the allocation of prices

That is the function of price in helping buyers to decide how to obtain the highest expected benefit or utility based on their purchasing power.

2. The informational role of price

Namely the function of price in targeting consumers regarding product factors, such as quality. This is especially useful in situations where buyers have difficulty assessing product factors or benefits objectively. The common perception is that high prices reflect the high quality.

Setting the right price strategy on a product will add to the competitive value of a product where the utility value of the product obtained by consumers is following the cost sacrifices they incur which will then affect purchasing decisions.

Product quality greatly influences consumers in choosing a product and then determining purchasing decisions for the selected product. For companies, product quality is also influential in increasing product marketing. To satisfy consumers, producers in making products must be of high quality so that consumers feel satisfied, thus consumers will buy. Although consumers have different perceptions of product quality, at least consumers will choose products with quality that can satisfy their needs.

1.7 Previous Research

In conducting this research regarding the effect of product quality and price on purchasing decisions, the authors need previous research that can be used as a comparison and reference. Some of the previous researchers used in this study are as follows:

Table 1.3 Previous Research

Researcher Name & Research Title	Method	Conclusion
Widhy Asti et al., (2022). The Influence of Price and Product Quality on Product Purchasing Decisions at PT Intan pariwara	<p>Variable : Price (x), Product Quality (x2). Purchasing Decisions (y)</p> <p>Measurements : Price (x) : Price affordability, Price Competitiveness, Compatibility of price with product quality</p> <p>Product Quality (x2): Durability, Aesthetics, Quality, Compliance with specifications</p> <p>Purchasing Decision (y) : Product selection, Dealer choice, Purchase Time, Purchase Amount, Payment Method</p> <p>Sample : 100 respondents</p> <p>Data Analysis : Classical Assumption Test and Hypothesis Testing with Multiple Linear Regression Analysis</p>	Price and product quality have a positive effect on purchasing decision.
Fadli et al., (2022). The Influence of Price and Product Quality on Purchase Decisions at Meimei Plaza Marelan	<p>Variable : Price (x), Product Quality (x2), Purchasing Decisions (y)</p> <p>Sample : 100 respondents</p> <p>Data Analysis : multiple linear regression to determine the dependence or attachment of the dependent variable to one or more of the independent variables</p>	the price and quality of the product on the purchasing decision have a close and positive contribution

Researcher Name & Research Title	Method	Conclusion
Ulum Munafi & Budiatmo (2022) The Effect of Price and Product Quality on Purchasing Decisions of Teh Hitam Celup Tambi (Study on Consumers of PT Perkebunan Tambi Wonosobo)	<p>Variable : Price (x), Product Quality (x2), Purchasing Decisions (y)</p> <p>Sample : 97 respondents</p> <p>Data Analysis : validity test, reliability test, correlation coefficient, determination coefficient test, simple regression analysis and multiple regression analysis, and significance test using the SPSS for windows program</p>	The price partially has negative effect on the purchasing decision variable.
Diko et al., (2022) Pengaruh Kualitas Produk dan Harga Terhadap Keputusan Pembelian pada Ratu Meubel di Kecamatan Limboto Kabupaten Gorontalo	<p>Variable : Product Quality (x), Price (x2), Purchasing Decisions (y)</p> <p>Sample : 65 Respondents</p> <p>Data Analysis : multiple linear regression techniques and the help of the IBM SPSS statistics program version 21.0</p>	<ul style="list-style-type: none"> • product quality variable has no effect on purchasing decisions • price variables affect the purchase decision • product quality and price variables influence purchasing decisions
Safitri Malik (2021) The influence of price and product quality on purchase decisions on thrift clothes at shabira store, tulang bawang regency	<p>Variable : Price (x), Product Quality (x2), Purchase Decisions (y)</p> <p>Sample : 66 respondents</p> <p>Data Analysis : Validity Test, Reliability Test, and Hypothesis Test</p>	Price and Product Quality has significant effect on the purchasing decision.

Researcher Name & Research Title	Method	Conclusion
Aswar et al., (2020) Product Quality and Price on the Purchase Decision of Hawaii Bakery Agents Merauke Products	<p>Variable : Product Quality (x), Price (x2), Purchasing Decisions (y)</p> <p>Measurements : Quality Product (x): Appearance, servings, shape, texture, aroma, taste</p> <p>Price (x2) : Price set, Affordability of prices, price match with quality, price competitiveness</p> <p>Purchasing Decisions (y) : The habit of buying products, give recommendations to others, repurchase as a support</p> <p>Sample : 94 respondents</p> <p>Data Analysis : Multiple regression analysis with SPSS V.20.0</p>	product quality and price variables have a positive and significant influence on purchasing decisions.
Syariah (2020) The Effect of Price and Product Quality on Purchasing Decisions of Fried Chicken in Rocket Chicken Bandar Kediri City	<p>Variable : Price (x), Product Quality (x2), Purchasing Decisions (y)</p> <p>Sample : 100 respondents</p> <p>Data Analysis : Hypothesis Test with SPSS program</p>	Price variables (x) and product quality (x2) simultaneously influence on purchasing decisions (y)
Muliasari (2019). The effect of product price and product quality on purchasing decisions for Samsung brand handpones Among STIE AAS Surakarta students	<p>Variables : Product Price (x), Product Quality (x2), Purchasing Decisions (y)</p> <p>Sample : 100 respondents</p> <p>Data Analysis : Validity Test, Reliability Test, and Hypothesis Test</p>	The price variable had a significant influence on purchasing decisions.

Researcher Name & Research Title	Method	Conclusion
Immanuel Gerin Johansyah and Keni Kaniawati (2019). The Impact of Price and Quality Product on Consumers Purchasing Decisions in Kaos Anak for Kids (KAFK) Clothing Shops	<p>Variable : Price (x), Product Quality (x2), Purchasing Decisions (y)</p> <p>Measurements : Price (x) : price conformity with product quality, price competitiveness, Product Quality (x2) : Product durability, product constraints, ease of use</p> <p>Purchasing Decisions (y) : Paying attention, interest in buying</p> <p>Sample : 150 respondents</p> <p>Data Analysis : SPSS25 and Lisrel 8.80</p>	Price and Product Quality had an effect on Purchasing Decisions variable
Mada Faishal Akbar (2019) The Influence of Product Quality and Price on Purchasing Decisions at Mitraindo South Tangerang Online Shop	<p>Variable : Product Quality (x), Price (x2), Purchasing Decisions (y)</p> <p>Sample : 96 respondents</p> <p>Data Analysis : Regression testing, correlation, determination, and hypothesis testing</p>	There is a significant effect between product quality and price on purchasing decisions.

Based on previous research there are several variables that have similarities with the research conducted, namely price variables, product quality, and purchasing decisions. The conclusion from several previous researchers is that there is an effect of price on purchasing decisions and also an effect of product quality on purchasing decisions.

Table 1.4 Similarities and Differences in Previous Studies

Researcher & Name	Research Title	Similarity	Difference
Dewi Widhy Asti, Siti Hasbiah, Muh. Ilham Wardhana Haerudin (2022)	The Influence of Price and Product Quality on Product Purchasing Decisions at PT Intan pariwisata	Using product quality and price as independent variables (X), using a questionnaire in data collection	The statistical data collected is generally random and raw
Ahmad Fadli, Maya Syahlina, Ratih Amelia, Supiah Ningsih, Hajar Affiah (2022)	The Influence of Price and Product Quality on Purchase Decisions at Meimei Plaza Marelan	Using product quality and price as independent variables (X), using a questionnaire in data collection	The population in the study are customers who have used Vivo cellphones
Muhamad Ulum Munafi, Widayanto, Agung Budiarmo (2022)	The Effect of Price and Product Quality on Purchasing Decisions of Teh Hitam Celup Tambi	Using product quality and price as independent variables (X)	The respondents in this study who had bought or consumed Tambi Dip Black Tea
Dewi Muliastari (2019)	The effect of product price and product quality on purchasing decisions for Samsung brand handpones Among STIE AAS Surakarta students	Using product quality and price as independent variables (X), using a questionnaire in data collection	The object of this research is in the field of electronics where the respondents in this study are Samsung users
Immanuel Gerin Johansyah and Keni Kaniawati (2019)	The Impact of Price and Quality Product on Consumers Purchasing Decisions in Kaos Anak for Kids (KAFK) Clothing Shops	Using product quality and price as independent variables (X), using a questionnaire in data collection	For data collection, sampling is done randomly and The programs used are SPSS25 and Lisrel 8.80

1.8 Hypothesis

A hypothesis is a formulation or temporary answer to the formulation of the problem in a study. The hypothesis in this research are as follows:

H1: Quality Product (X^1) has a significant effect on the Purchase Decision.

H2: Price (X^2) has a significant effect on the Purchase Decision.

H3: Quality Product (X^1) and Price (X^2) have a significant effect on the Purchasing Decision.

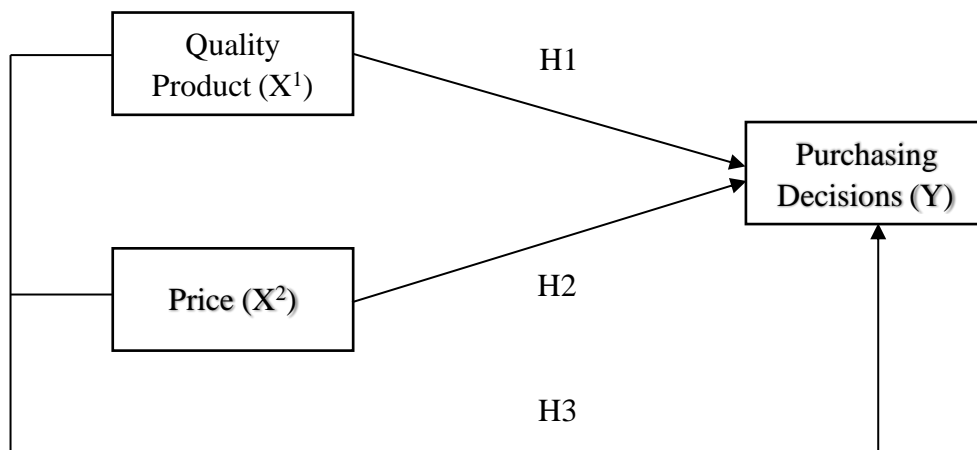


Figure 1.2 Hypothesis Model

1.9 Conceptual Definition

The definition of the concept provides defines the research variable, which is explained in the following definition:

1.9.1 Product Quality (X^1)

Kotler and Keller (2009) product quality defines the general characteristics and features of a product that determine its ability to meet needs and expectations.

1.9.2 Price (X^2)

Kotler and Armstrong (2016), Price is the amount of money that must be spent by consumers to obtain the desired goods or services.

1.9.3 **Purchasing Decisions (Y)**

Purchasing decisions is the action taken by consumers, whether individuals, groups, or organizations, in selecting buying, using, and fulfilling their desires and needs for products, services, ideas, or experiences (Kotler & Armstrong, 2016)

1.10 **Operational Definition**

The operational definition contains a more detailed description of indicators regarding research variables, including:

1.10.1 **Product Quality (X¹)**

The product is a set of attributes of the Secangkir Coffee service received by consumers.

Product variables can be measured with the following indicators:

- a) The suitability of the taste of coffee drinks at Secangkir Coffee with consumer tastes
- b) The suitability of the taste of non-coffee drinks at Secangkir Coffee with consumer tastes
- c) The suitability of the taste of food at Secangkir Coffee with consumer tastes
- d) The physical appearance of coffee drinks at Secangkir Coffee when served
- e) The physical appearance of non-coffee drinks at Secangkir Coffee when served
- f) The physical appearance of food products in Secangkir Coffee when served

1.10.2 Price (X²)

Price is the amount of money billed for the use of services or the amount of value exchanged by Secangkir Coffee customers to obtain benefits. Price variables can be measured with the following indicators:

- a) Affordability of the price of Secangkir Coffee
- b) Compatibility of the price of beverage products with the quality of the products offered
- c) The suitability of the price of food products with the quality of the products offered
- d) Adjusting the price of Secangkir Coffee with the benefits that consumers receive after making a purchase
- e) Price comparison with competitors Secangkir Coffee

1.10.3 Purchasing Decisions (Y)

Purchasing decision is a consumer's decision to choose one or more service options offered by Secangkir Coffee. Purchasing decision variables can be measured by the following indicators:

- a) Consumers want to fulfill their needs
- b) Consumers does not take too much time to search information
- c) Consumers alternative choices
- d) Attitude of consumers decisions to buy.
- e) Consumers evaluations after make a purchase.

1.11 **Research Methods**

According to Sugiyono (2013), the research method is a scientific way to obtain the data with certain goals and uses. Research methods can provide an overview of how and what researchers will use in conducting research. The research method includes the type of research that will be used in this study, population restrictions, and determining the sample that will be used as respondents. It also describes the analytical techniques used and their instruments.

1.11.1 **Type of Research**

This Research uses an explanatory type of research with a quantitative approach. Explanatory research is used if you want to find out why a particular situation or condition occurs or what affects something. Researchers have not only described the phenomenon as occurring but have tried to explain why it occurs and what its effects are. In other words, researchers want to explain the relationship between two or more variables. Researchers are required to make a hypothesis as an initial assumption to explain the relationship between the variables studied.

1.11.2 **Population and Sample**

1.11.2.1 **Population**

The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by a researcher to be studied and then conclusions can be drawn. (Sugiyono, 2013). The population in this study were all Secangkir Coffee customers in the city of Semarang. This population is infinite in number so sampling action is needed.

1.11.2.2 **Sample**

The sample is part of the number and characteristics possessed by the population (Sugiyono, 2013). If the population is large and it is impossible for the researcher to study everything in the population, for example, due to limited funds, manpower, and time, the researcher can use samples taken from this population (Sugiyono, 2013). The sampling technique in this study used non-probability sampling. This technique is done by taking sample members that do not provide equal opportunities or opportunities for each element or member of the population to be selected as samples (Sugiyono, 2013).

In this study, the determination of the sample was carried out through the accidental sampling method. Accidental sampling means that in this sampling method, the sample members are buyers at Secangkir Coffee Semarang who happened to be met at the time of data collection, due to the unknown population size, the sample determination technique used was the sample determination technique proposed by Cooper & Emory. According to Cooper & Emory (1996) states that the basic formula for determining sample size for populations that are not defined with certainty is that the number of samples is determined directly by 100. Thus, the number of samples in this study is 100 respondents who are representative enough to be studied.

1.11.3 **Data Types and Sources**

1.11.3.1 **Data Types**

The data used in this study is quantitative data, which is the type of data that can be measured or calculated directly, in the form of information or

explanations expressed in numbers or the form of numbers. The type of data used is consumer assessment of Secangkir Coffee about the effect of product quality and price.

1.11.3.2 Data Sources

a) Primary data

Primary data is a data source that directly provides data to data collectors (Sugiyono, 2013). In this study, primary data were obtained from various sources, including direct observation at Secangkir Coffee Semarang, interviews with cafe management, and also through filling out questionnaires conducted by several respondents.

b) Secondary data

Secondary data is a data source that does not directly provide data, for example through other people or documents (Sugiyono, 2013). Secondary data in this study come from books, journals, the internet, and other similar research that can be used as research references.

1.11.4 Measuring Scale

The measurement scale is an agreement that is used as a reference to determine the length of the interval in the measuring instrument so that the measuring instrument when used in the measurement will produce quantitative data. With this measurement scale, the value of the variables measured by certain instruments can be expressed in the form of numbers, so that it will be more accurate, efficient, and communicative (Sugiyono, 2013).

The scale used in this study is the Likert scale, which is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiyono, 2009). The scores were given to measure consumer interest use a Likert Scale, as follows:

- a) For answers that are considered strongly agree are given a score of 5
- b) For answers that are considered agree are given a score of 4
- c) For answers that are considered neutral, they are given a score of 3
- d) For answers that are considered disagree are given a score of 2
- e) For answers that are considered strongly disagree are given a score of 1

Table 1.5 Likert Scale Measure

NO	ANSWER	SCORE
1	Strongly Agree	5
2	Agree	4
3	Neutral	3
4	Disagree	2
5	Strongly Disagree	1

1.11.5 Data Collection Technique

In collecting data or information needed in this study, the researchers used the following data collection techniques:

- a) Questionnaire Technique

This type is a data collection technique that is carried out by providing a list of questions to respondents based on the instructions given related to the research.

b) Interview

This data collection technique is carried out by directly coming to the source relating to the data needed.

1.11.6 Data Analysis Technique

1.11.6.1 Qualitative Analysis Techniques

Qualitative analysis is a data analysis technique by classifying data based on the needs of the coding process and then interpreting the data. The data analyzed using qualitative data analysis techniques are text or narrative data and cannot be measured. So that the data required qualitative analysis to be translated theoretically. In conducting a qualitative analysis, the nature of the data approach is more subjective.

1.11.6.2 Quantitative Analysis Techniques

Quantitative analysis is an analytical method with numbers that can be counted or measured. Quantitative analysis is intended to quantitatively estimate the magnitude of the effect of changes in one or several other events, using statistical analysis tools. Quantitative analysis is data analysis using a quantitative data approach in which measurements state the numbers that have been arranged in tables and the calculations use statistical tests (SPSS).

1.11.6.2.1 Validity Test

Validity test is intended to find out whether the instrument (measuring instrument) used to obtain data is valid or not. If it is valid, it means that the instrument can be used to measure the variable to be measured, and vice versa, if it is not valid, it means that the instrument cannot be used to measure the variable to

be measured. The instrument is said to be valid if it can reveal the variable data studied correctly. The level of instrument validity indicates the extent to which the data collected does not deviate from the description of the variable in question. Validity test is done by comparing the value of r test with r table. Basic decision making in the validity test as follows:

- 1) If r test $>$ r table, then the question items in the questionnaire correlate to the total score, it means that the items in the questionnaire are valid.
- 2) If r test $<$ r table, then the question items in the questionnaire do not correlate with the total score so that the questionnaire items are invalid.

1.11.6.2.2 **Reliability Test**

Reliability is a tool used to measure a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable when the respondents' answers to statements are consistent or stable from time to time (Ghozali, 2006). In SPSS for windows facilities are provided to measure reliability with the Cronbach Alpha statistical test $>$ 0.60.

This reliability testing technique uses an analysis technique that has been developed by Alpha Cronbach. In this reliability test, α is considered reliable if it is greater than 0.6 (Ghozali, 2006). If the coefficient is $>$ 0.6, then the questionnaire presented can be trusted and can be used.

1.11.6.3 **Coefficient of Correlation**

The correlation coefficient is a value that indicates the closeness of a linear relationship between two variables, namely the independent variable and the dependent variable, and determines whether the strength of the relationship is

strong or not. In testing the correlation coefficient, it can be done by using the Pearson product-Moment Correlation Coefficient formula as follows:

$$r = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2}}$$

Explanation :

x = coefficient correlation

x_1 = the value of the variable x in the sample

\bar{x} = the average value of the variable x

y_1 = the value of the variable y in the sample

\bar{y} = the average value of the variable y

After getting the results of the correlation coefficient using this formula, according to Ghozali (2016) if the value of r is getting bigger or closer to number one, it can be interpreted that the independent variable has a great ability to explain variations in the dependent or dependent variable, and vice versa as in the table following.

Table 1.6 Interpretation of the Correlation Coefficient

coefficient intervals	relationship level
0,00 – 0,199	Very Weak
0,20 – 0,399	Weak
0,40 – 0,599	Moderate
0,60 – 0,799	Strong
0,80 – 1,000	Very Strong

Source : Sugiyono (2014)

1.11.6.4 Coefficient of Determination

According to Ghozali (2016) the coefficient of determination test is a test carried out to measure the model in explaining the influence of the independent or independent variables simultaneously or jointly affecting the dependent or dependent variable which is symbolized by r^2 . According to Ghozali (2016) if the value of r^2 is greater or closer to number one, it can be interpreted that the independent variable has a great ability to explain variations in the dependent or dependent variable, and vice versa.

The formula used in testing the coefficient of determination is as follows:

$$KD = r^2 \times 100\%$$

Explanation :

KD = Coefficient of Determination

r^2 = Determination

1.11.6.5 Ordinary Least Squares Regression

According to Sugiyono (2016) Ordinary Least Squares regression is a regression that has one dependent variable and one independent variable. The ordinary least squares regression equation formula in this study is formulated as follows:

$$Y = a + b_1X_1 + e$$

Explanation :

Y = Predicted Value

a = Constant

b_1 = Regression Coefficient

x_1 = independent variable value

e = Error

1.11.6.6 Multiple Linear Regression

According to Sugiyono (2016) multiple linear regression analysis is a regression that has one dependent variable and two or more independent variables. The formula for the multiple linear regression equation with three independent variables according to this study is formulated as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Explanation :

Y = Purchase Decision Variable

a = Constant

b_1 = Correlation Coefficient x_1 against Y

x_1 = Product Quality Variable

b_2 = Correlation Coefficient x_2 against Y

x_2 = Price Variable

e = Error

1.11.6.7 Hypothesis Test

1.11.6.7.1 t-Test

The t test is an individual test, this test is intended to find out whether the independent variable (X) individually influences or not the dependent variable (Y) using the following formula:

$$t = \frac{r\sqrt{n-2}}{1-r^2}$$

Explanation :

t = arithmetic t value or t test

r = correlation coefficient as a comparison value

n = total data size

The t value of the calculation results is used to determine the results with the following steps:

1. Determine the null hypothesis and alternative hypothesis.
 - $H_a: \beta \leq 0$ product quality (X1) and price (X2) don't have significant effect on the purchasing decisions (Y).
 - $H_a: \beta > 0$ product quality (X1) and price (X2) have significant effect on the dependent variable, namely purchasing decisions (Y).
2. Determine the confidence level of the interval with a significant $\alpha = 0.05$ or 5% very significant.
3. Comparing between t arithmetic and t table
 - H_0 is rejected and H_a is accepted if t count $>$ t table, product quality (X1) and price (X2) have significant effect on purchase decision (Y).
 - H_a is accepted and H_0 is rejected if t count $<$ t table, product quality (X1) and price (X2) don't have significant effect to the dependent variable, namely the purchase decision (Y).

1.11.6.7.2 F-Test

The F test basically shows whether the influence of the independent variable (X) has a significant or not significant effect on the dependent variable (Y).

To perform the F Test, can use the formula:

$$F = \frac{\frac{R^2}{k}}{\frac{(1 - R^2)}{(n - k - 1)}}$$

Explanation :

R^2 = Multiple Correlation Coefficient

k = Total of Independent Variable

n = Total of Sample

F testing steps are:

1. Determine the null hypothesis and the alternative hypothesis
 - $H_0: \beta_1 \leq 0$ independent variables don't have significant effect individually on the dependent variable
 - $H_a: \beta_1 > 0$ means that there is influence between the independent variables individually on the dependent variable
2. Determine the confidence level of the interval with a significant $\alpha = 0.05$ or 5% very significant.
3. Compare the value of the F statistic with the critical point according to the table
 - H_0 is accepted if $F_{test} \leq F_{table}$, meaning that the independent variable (X) together don't have significant effect the dependent variable (Y).
 - H_a is rejected if $F_{test} > F_{table}$, meaning the independent variable (X) together have significant effect the variable (Y)