THE INFLUENCE OF PRODUCT QUALITY AND PRICE ON PURCHASE DECISION ON LINGKAR COFFEE (STUDY ON LINGKAR COFFEE IDEA SEMARANG)

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Abstract*: This research aims to analyze the influence of product quality and price on consumer purchasing decisions for Kopi Lingkar products in Semarang City. Product quality and price are two factors that are often the main considerations for consumers when making a purchase. This research uses a quantitative method by distributing questionnaires to 100 respondents who have purchased Kopi Lingkar products. The data obtained was analyzed using PLS with two testing stages, namely Outer Model and Inner Model. The research type is explanatory research, nonprobability sampling type. The research results show that product quality has a positive and significant effect on purchasing decisions. price has a positive and significant effect on purchasing decisions, and product quality and price stimulantly have a positive and significant effect on purchasing decisions. Therefore, manufacturers are advised to continue to improve product quality and set competitive prices in order to attract consumer interest and increase sales.*

Keywords: *Product Quality, Price, Purchase Decisions*

Abstraksi: Penelitian ini bertujuan untuk menganalisis pengaruh kualitas produk dan harga terhadap keputusan pembelian konsumen pada produk Kopi Lingkar di Kota Semarang. Kualitas produk dan harga merupakan dua faktor yang sering menjadi pertimbangan utama konsumen dalam melakukan pembelian. Penelitian ini menggunakan metode kuantitatif dengan menyebarkan kuesioner kepada 100 responden yang pernah membeli produk Kopi Lingkar. Data yang diperoleh dianalisis menggunakan PLS dengan dua tahap pengujian yaitu Outer Model dan Inner Model. Tipe penelitian adalah *explanatory research* tipe *nonprobability sampling*. Hasil penelitian menunjukkan bahwa kualitas produk berpengaruh positif dan signifikan terhadap keputusan pembelian. harga berpengaruh positif dan signifikan terhadap keputusan pembelian,dan kualitas produk dan harga secara stimulant berpengaruh positif dan signifikan terhadap keputusan pembelian,. Oleh karena itu, produsen disarankan untuk terus meningkatkan kualitas produk dan menetapkan harga yang kompetitif agar menarik minat konsumen dan meningkatkan penjualan.

Kata Kunci: Kualitas Produk, Harga, Keputusan Pembelian

Background

The global coffee industry has experienced rapid growth in recent decades. Coffeeshops are not only places to enjoy coffee, but also a place to study, meeting and work.In Indonesia, this phenomenon is clearly visible with the proliferation of coffee shops in various large and small cities. Coffee shops are becoming more plentiful in Indonesia, and this trend will continue as the nation's population grows. However, Central Java has gained popularitynot just in Indonesia's capital city but also across the nation, as seen by the abundance of coffee shops in the region, especially in Semarang. Semarang City has supplied figures indicating that the population of the city in 2024 will be 2,103,571.

Because there are so many coffee shops in Semarang, customers find it difficult to choose one due to the variety of options available. For businesses to compete, a superior plan is therefore required. It requires of range marketing initiativesthat need to be created in

the future. Businesses must develop methods that enable them to contend with local rivals. To ensure that the business can rule both the existing andnew markets, this strategy needs to be developed to achieve a durable competitive advantage.

Table 1. Rating Coffee Shop In Semarang 2024

Coffeshop	Rating	Address
Antarakata	4,7	Jl. Majapahit
Kopi Nako	4,7	Jl. Jangli
Lingkar	4,6	Jl. MH. Thamrin
Semasa	4,5	Jl. Diponegoro
Anak Panah	4,5	Jl. Gajah Mada

Source: Google Review (2024)

According to Kotler (2022) If customers receive products that meet their expectations after using them, some customers may be willing to purchase them whenever a product lives up to expectations, buyers are prepared to part with their cash for it. If consumers think a product is of higher quality, they are more inclined to buy it. than those of competitors.

According to Kotler and Armstrong (2001) The amount of money charged for a good or service is the amount of value that customers exchange for the advantage of owning or utilizing the good or service.

Figure 1 Turnover Data from Lingkar Coffee Semarang 2019 - 2020

Year	Sales Turnover	Changes in Sales	Target Achieve (%)
2019	Rp800.000.000	Rp1.470.260.200	46%
2020	Rp1.000.000.000	Rp1.080.484.200	(+) 7%
2021	Rp1.200.000.000	Rp1.100.960.800	(-) 9%
2022	Rp1.500.000.000	Rp1.224.827.740	(-) 22%
2023	Rp1.700.000.000	Rp1.000.325.765	(-) 70%

Source: Internal Data from Lingkar Coffee (2023)

Decrease in revenue from 2020 - 2021 Due to the city of Semarang being hit by the Corona Virus which resulted in a drop in existing profits. This restriction caused a significant decline, in 2020 Lingkar Coffee's revenue reached IDR 1,080,484,200. With approximately 13 employees, and in mid-2020 Lingkar Coffee had to let go of around 6 employees. After going through the Covid era, Lingkar Coffee began to rise again until now with a new spirit and much greater hopes to achieve the revenue target of IDR 1,200,000 and also had a dream to continue to grow in the FnB world. Although it continues to decline, the spirit to develop is not forgotten by Lingkar Coffee that the circumstances that made it what it is today. The increasingly tight competitive conditions make every business need to increase the strengths in its company by bringing out the differences or uniqueness that the company has compared to competitors in order to attract consumer buying interest. The decision to make a purchase is an important part of consumer behavior. In any business, the thing that must be taken into account is how the company can encourage purchasing decisions.

Based on this, the formulation of the problem in this research is: (1) Does product quality affect purchasing decisions for the Lingkar Coffee Idea Semarang? (2) Does price affect the decision to purchase the Lingkar Coffee Idea Semarang? (3) Does product quality and price affect the decision to purchase the Lingkar Coffee Idea Semarang?

Theoretical   Study

Consumer Behavior

Building and maintaining customers is one of the company's objectives when conducting business. Kotler and Keller (2008) define consumer behavior as the study of how people, groups, and organizations choose, purchase, utilize, and ensure that goods, services, concepts, or experiences meet their needs and desires.

Product Quality

According to Lin, J.S.C. & Hsieh, P.L. (2011)Self-service technology leads to the sense of improved service because customers may complete transactions rapidly and efficiently. Indicators used in measuring Self-Service Technology are from Lin, J.S.C. dan Hsieh, P.L. (2011) are functionality, enjoyment, security/privacy, design, assurance, convenience, and customization.

Price

According to Kotler and Armstrong (2016) Price is the amount of money that must be spent byconsumers to obtain the desired goods or services. Price also shows a value that will be exchanged by consumers for the benefits that will be obtained after consuming the product.

Purchase Decisions

According to Kotler and Armstrong (2001) Customer Satisfaction rely on the product's estimated performance in delivering value, relative to buyer expectations. The indicators used are stay loyal, buying new products offered, recommending products, willing to pay more, and provide feedback.

Repurchase Intention

Acoording to Keller (2012) defines repurchase intention as the customer's desire or aim to buy a product or service again in the future following their initial experience with it. the indicators used are transactional intention, referential intention, preferential intention, and exploratory intentions.

Research Hypothesis

H1   : Product Quality (X1) has a significant effect on the Purchase Decision on Lingkar Coffee
H2   : Price (X2) has a significant effect on the Purchase Decision on Lingkar Coffee
H3: Product Quality (X1) and Price (X2) have a significant effect on purchasingDecision on Lingkar Coffee.

Research Method

According to Sugiyono (2013), The research approach is an organized, methodical approach to gathering data for specific purposes. An outline of the tools and procedures that researchers will employ can be found in research methodology. The population limitations, the sort of research that will be employed in this study, and selecting the sample of respondents are all included in the research procedure. It also describes the analytical techniques used and their instruments. In this research the population is every aspect Lingkar Coffee customers in the city of Semarang made up the study's population. Since the size of this population is limitless, sampling is required. The number of samples in this study is 100 respondents who are representative enough to be studied. conditions as follows

(1) The minimum age is 17 years, (2) Have come and bought a Semarang Coffee Circle product at least 1 time a month, (3) Willing to be interviewed and able to answer questions. This research uses a quantitative method by distributing questionnaires to 100 respondents who have purchased Kopi Lingkar products. The data obtained was analyzed using PLS with two testing stages, namely Outer Model and Inner Model. The research type is explanatory research, nonprobability sampling type.

Indicators used in measuring product quality are (1) functionality, (2) enjoyment, (3) security/privacy, (4) design, (5) assurance, (6) convenience, and (7) customization (Lin, J.S.C. dan Hsieh, P.L, 2011), Indicators used in measuring price are (1) Affordability of the price of Lingkar Coffee, (2) Match the price of beverage products with the quality of the products offered, (3) Suitability of food product prices with the quality of the products offered, (4) The price of Lingkar Coffee products with the benefits consumers receive after making a purchase is appropriate, (5) Price compatibility with service, (6) Comparison with similar cafes. Indicators used in measuring repurchese intention are (1) I believe confidet in making decisions when buying lingkar coffee product, (2) I belive that lingkar coffee is a suitable brand compared to other coffee alternatives, (3) I belive that lingkar coffe released its product at the right time according to my needs and desire, (4) I belive that lingkar coffee has an effective and easy for transaction methods.

Results and Discussions

The research data were processed using SmartPLS. The following is an analysis of the results from the data processing that has been conducted.

Measurement Model Test (Outer Model)

According to Ghozali (2014) there are 2 steps in PLS-SEM testing. The first step is the Outer Model (measurement) which is carried out to find out the relationship between the latent variables and the indicators. The second step is the Inner Model (structural) which is carried out to determine the relationship between latent variablesand each other.

Table 2 Convergent Validity Test

Variabel	ValueAVE (*Avarage Variance Extracted*)
Product Quality (X1)	0.532
Price (X2)	0.607
Purchase Decision (Y)	0.566

Source : Primary Data (2024)

Based on Table 3.2, it can be seen that the value of AVE (Avarage Variance Extracted) on each variable has met the requirements, which is a value of >0.50 sothat it can be said that the validity test value through Covergent Validity has been met.

Table 3 Realibility Test

Variabel	Cronbach's alpha	Composite Reliability
Product Quality (X1)	0.937	0.945
Price (X2)	0.928	0.939
Purchase Decision (Y)	0.893	0.912

Source : Primary data processed (2024)

Structural Model Test (Inner Model)

In the structural model test (inner model) there is an R-Square test and an F- Square test. The R-Square test is used to see how much influence the independent variable

(exogenous) has on the dependent variable (endogenous). According to Ghozali & Latan (2015), if it has a value of more than 0.25 then the model is considered weak, more than 0.50 is considered moderate, and more than 0.75 is considered strong. After the calculation (table 4), it can be seen that the R-Square value of the training and mentoring variables is included in the low category.

Table 4. F-Squared Test

	R Square
Purchase Decision	**0.624**

Source : Primary data (2024)

F-Squared effect size is a processing stage that is carried out to determine the amount of influence given by independent variables on dependent variables. *F-Squared effect size* has three categories, small value ($\geq 0,02$), Medium value ($\geq 0,15$), and big value ($\geq 0,35$). The following are the results of related research data processing *F-Squared effect size*:

Table 5. F-Squared Test

	Product Quality	Price	Purchase Decision
Product Quality			0,541
Price			0,061
Purchase Decision			

Source : Primary Data (2024)

Path Coefficient or hypothesis test is the test of each hypothesis that has been previously determined, namely H1. H2, and H3 of this hypothesis are obtained based on the significance value to determine the influence between the variables. This hypothesis test is carried out by looking at the value of *T-Statistic* and *P- Value* in the calculation *bootstraping*. *Bootstrapping* technique with 5000 sub-samples used to test the hypothesis. Path coefficient significance test (*path coefficient*) used by dividing scores *t-statistic* with a table t score at the SIG level. 5% or worth 1.96. Path coefficient (*path*) has a meaningful influence when the score *t-statistic* greater than the t-score of the table 1,96. *The path coefficient* parameters will later describe the negative or positive correlation of the hypothetical variable. If *P-value* under 0.05 so the hypothesis is accepted.

Table 6. Direct Effect and Indirect Effect Test
Source: Processed Data (2024)

	R-Squared	Path Coefficient	T-Statistics	P-Values	Conclusion
		Direct Effect			
Product Quality -> Purchase Decision		0.083	7.558	0.000	H1 Accepted
Price -> Purchase Decision		0.087	2.432	0.015	H2 Accepted
Product Quality and Price -> Purchase Decision	0. 624				H3 Accepted

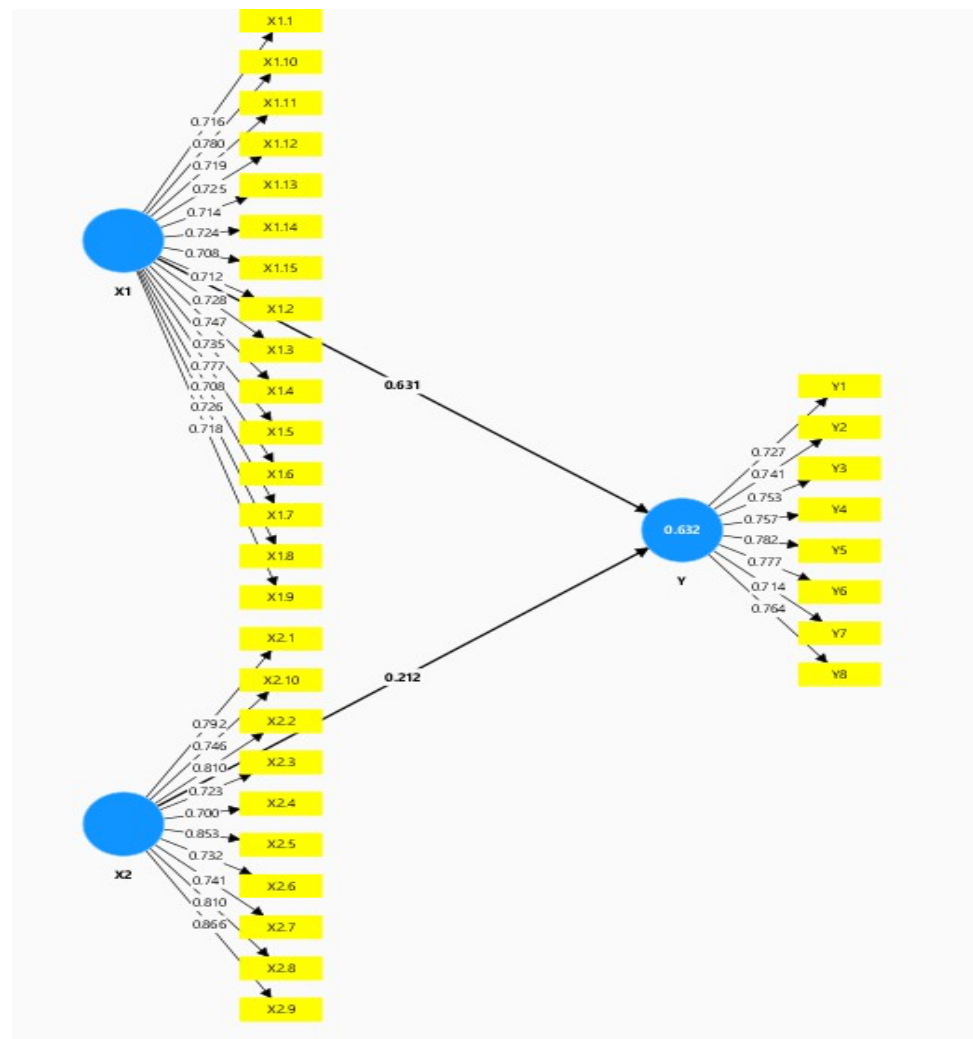Source : Primary Data (2024)

Figure 1. Path Diagram

Based on Table 6, it can be seen that the results of data processing using SmartPLS 4.0 for Windows obtained the following analysis results regarding the direct influence test:

a. Product Quality has positive influence with value 0.083, and *T-Statistic* value 7.558
b. Price has positive influence with value 0.087, *T-Statistic* value 2.432
c. R-Square (R2) is 0.624, which means that the training and mentoring variables have an effect on business sustainability of 62.4%.Conclusions and Suggestions

Conclusions

In the research that has been acknowledged above with the title The Influence of Product Quality and Price on Purchase Decision on Lingkar Coffee Semarang which has been explained in the previous chapter discussion, conclusions can be drawn based on the results of research on 100 respondents who are customers of Lingkar Coffee Idea Semarang, then the conclusions obtained are. The results of the first hypothesis test of the product quality variable have a positive and significant influence between the product quality variable and the decision process to purchase Lingkar Coffee products. Product quality The quality of

the product is in the good category, it is based on the income of the respondents, namely Lingkar Coffee products have portions that are in accordance with expectations, and Lingkar Coffee products have a delicious aroma. However, there are drawbacks from the product quality variable, there is a question where Lingkar Coffee products lack coffee products that have a distinctive taste. Based on the analysis of the influence of product quality has a positive influence. Based on the hypothesis test, the two price variables have a positive and significant influence between the price variable and the decision process to buy Lingkar Coffee. The price of Lingkar Coffee products is included in the cheap category. There are two question items that have an above-average score, namely the price offered by Lingkar Coffee in accordance with the quality of the product given, and Lingkar Coffee can compete with similar products. However, there are drawbacks, namely the price is less affordable and the price offered is still not in accordance with the benefits obtained. Based on the analysis, the influence of price has a positive influence. Based on the research in the previous chapter, the questions given to respondents about the purchase decision process, the purchase decision process, the decision process can also be categorized as a good category. Based on the previous chapter, the results of the third hypothesis test variables, product quality and price have a positive and significant influence on the variables of the purchase decision process. So it can be concluded that if product quality and price increase at the same time, it can improve the purchase decision process.

Suggestions

Based on the results of the research that has been carried out and the conclusions obtained, the researcher has several suggestions for Lingkar Coffee and future researchers, including. The results of the first hypothesis test, the product quality variable has a positive and significant influence between the product quality variable and the purchasing decision process at Lingkar Coffee. The quality of Lingkar Coffee products is included in the good category, this is based on the opinion of respondents, namely that Lingkar Coffee products have advantages, namely, the products made can be relied on because the taste produced is always consistent every time they are made, the products are also of good quality even though they are stored for some time and not consumed immediately after being purchased. The shortcomings in Lingkar Coffee are that Lingkar Coffee products do not yet have a distinctive or superior taste compared to comparable products, Lingkar Coffee products also do not meet the expected quality standards, Lingkar Coffee products also do not have a visual appearance that is different from others. The suggestions given, Lingkar coffee products must modify in terms of taste and appearance so that they look distinctive and have differences from other competitors, Lingkar Coffee products should also compare more with competitors to upgrade the existing taste and quality, because it is very unfortunate if it disappoints. The results of the second hypothesis test of the price variable have a positive and significant influence between the price variable and the purchasing decision process at Lingkar Coffee. The price in Lingkar Coffee is included in the good category, this is based on the opinion of respondents, namely that Lingkar Coffee products have advantages, namely, Lingkar Coffee products satisfy consumers with the products received after making a purchase, products, Lingkar Coffee products are also affordable with the purchasing power of existing consumers, Lingkar Coffee products offered are also appropriate than other similar cafes. The advice given, Lingkar Coffee products are also according to the questionnaire data that was distributed are still relatively less affordable because the average budget of students is IDR 1,000,000 - IDR 2,000,000 per month which results in prices at Lingkar Coffee still need to be considered if the target is mostly students, Lingkar Coffee products are also still relatively expensive for the prices offered with other similar cafes that exist, maybe more observation can be done for the progress of Lingkar

Coffee. Based on the research in the previous chapter, the questions given to respondents about the purchasing decision process, the purchasing decision process can be categorized into a good category. Based on the research in the previous chapter, the results of testing the third hypothesis, the variables of product quality and price have a positive influence on the purchasing decision variable. So it can be concluded that if the product quality and product price increase simultaneously, it can increase the purchasing decision process. Although Lingkar Coffee products are already classified as good, they still have to improve the quality of the products provided. So this can also increase existing purchasing decisions and consumer purchases as well as prices set with the benefits given to consumers simultaneously, price and product quality have an influence on the purchasing decision process. For future research, I feel that 100 respondents for my questionnaire data is not enough because there are still many other understandings and factors that influence product quality, price, and purchasing decisions. Research is also an important basis for further research such as the use of different methodologies in order to use more varied methods, such as qualitative research to gain deeper insights from the consumer perspective, or experiments to test the influence more clearly. This study also succeeded in revealing the significant influence of product quality, price, purchasing decisions, this study also acknowledged that there are still many aspects that need to be explored further. With the suggestions for further research, it is hoped that this finding can be strengthened and expanded in a broader context, providing a deeper contribution to the literature on marketing and consumer behavior.

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