

## THE EFFECT OF PRICE, PRODUCT QUALITY, SHIPPING SPEED, DISCOUNT STRATEGY ON PURCHASE DECISIONS MEDIATED BY WORD OF MOUTH IN MICRO COFFEE SHOP BUSINESS

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### Abstract:

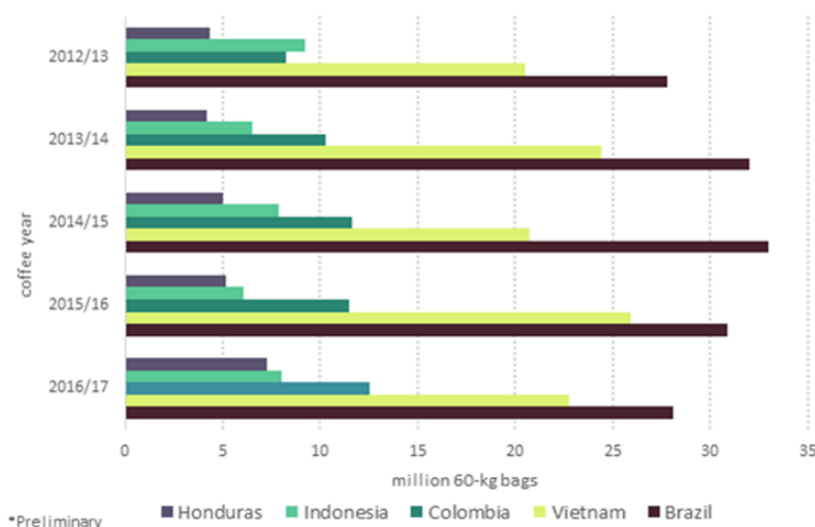
Coffee is a trendy drink in many countries, including Indonesia. Based on data from the International Coffee Organization in 2018, Indonesia is ranked fourth as the largest coffee producer in the world. The theories used in this study are Price, product quality, delivery speed, discount strategy, purchasing decision, and Word of mouth. The population of this study is comprised of consumers of micro coffee shops in Batam City, 71 micro businesses in Batam City per day, namely 3905 consumers. The sample was 356 coffee shop consumers, with Slovin obtained  $n + 188$  respondents. Discussion Results Price significantly influences the word-of-mouth variable; product quality does not significantly influence the word variable; service speed significantly influences the word-of-mouth variable, and discount strategy significantly influences Word of mouth. Word of mouth, Price, and service speed significantly influence purchasing decisions, while product quality does not. Word of mouth also effectively mediates the impact of Price, product quality, service speed, and discount strategies on purchasing decisions in Batam City. The study suggests leveraging these factors to boost culinary tourism for Micro Coffeeshop businesses in Batam City.

**Keywords:** Price, Product Quality, Delivery Speed, Discount Strategy, Purchase Decision, Word of Mouth

## INTRODUCTION

**Background of the problem.** Along with the progress of the times, human life has changed, wanting everything to be fast or instant. One example is coffee drinks, now more widely available in instant form. Coffee is a drink that is very popular in various countries, including Indonesia. Based on data from the International Coffee Organization in 2018, Indonesia is ranked fourth as the largest coffee producer in the world. Indonesia's geographical diversity, with its vast territory and diverse soil conditions, produces a variety of coffee flavors. This diversity makes Indonesia a paradise for coffee lovers. In addition, the best coffees, such as Luwak coffee, Toraja coffee, and Aceh Gayo coffee, which are in demand globally, come from Indonesia. This can be seen in the graph below:





**Figure 1.** The largest coffee-exporting countries

Indonesia is the fourth largest coffee-producing country in the world after Brazil, Vietnam, and Colombia, with coffee production reaching 639,305 tons in 2016. Indonesia's coffee exports have fluctuated in the last five years. In 2012, the value of coffee exports reached 1.5 billion USD but continued to decline until reaching its lowest point in 2014. Then, exports strengthened again in 2015 but declined again in 2016 to 1.4 billion USD. The decline in exports was due to a decline in domestic coffee production, which in 2016 only reached 639,305 tons, a decrease of 0.02% from the previous year, which reached 639,412 tons (ICO, 2018).

**Problem Formulation.** Based on the background above, the formulation of the problem in this study is as follows:

1. How does Price influence purchasing decisions in coffee shop micro businesses?
2. How does product quality influence purchasing decisions in micro coffee shop businesses?
3. How does delivery speed affect purchasing decisions in micro-coffee shops?
4. How does the discount strategy affect purchasing decisions in micro coffee shop businesses?
5. How does Price affect Word of mouth in micro coffee shop businesses?
6. How does product quality affect Word of mouth in micro coffee shop businesses?
7. How does delivery speed affect Word of mouth in micro coffee shop businesses?
8. How does the discount strategy affect Word of mouth in micro coffee shop businesses?
9. How does Word of mouth influence purchasing decisions in micro coffee shop businesses?
10. How can Word of mouth mediate the influence of Price on purchasing decisions in micro coffee shop businesses?
11. How can Word of mouth mediate the influence of product quality on purchasing decisions in micro coffee shop businesses?
12. How can Word of mouth mediate the influence of delivery speed on purchasing decisions in micro-coffee shop businesses?
13. How can Word of mouth mediate the influence of discount strategy on purchasing decisions in micro coffee shop businesses?

**Buying decision.** The purchasing decision is when consumers decide to buy a product after evaluating various factors. Producers and entrepreneurs need to build an attractive strategy to attract consumers' interest so that they decide to buy the product. Fitriani (2021:9) explains that a purchasing decision is a step in the decision-making process where consumers actively buy a



product. When consumers are interested in the product, they will decide to buy it. However, if it is not attractive, consumers may not buy it because of various factors such as quality, Price, and public knowledge about the product.

According to Kotler & Armstrong (2018:243), purchasing decisions are buying the most preferred brand. However, two factors can arise between purchase intention and the final decision to purchase. Ernawati et al. (2021:203) stated that purchasing decisions are one of the stages in consumer behavior that underlies consumer actions to make purchasing decisions before the post-purchase behavior stage. This includes how individuals, groups, and organizations choose, buy, and use goods or services to meet their needs and wants.

Peter and Olson (Wahyoedi & Andry, 2021, p. 2298) argue that purchasing decisions are an integration process involving combining knowledge to evaluate two or more alternative behaviors and choosing one of them.

**Word Of Mouth.** Word of mouth (WoM) is a communication process involving exchanging information, views, and experiences about a product, brand, or service (Alves et al., 2016, p. 7). WoM becomes a reference tool that shapes customer expectations of a product (Martín et al., 2015, p. 8). WoM is an informal dialogue between consumers who do not act as marketers, sharing experiences and opinions about a product or company (Astaki & Purnami, 2019, p. 9).

Word of mouth(WOM) is a message or information about a company, as well as the company's products or services, in the form of comments about the company, product performance, friendliness, honesty, Speed of service, experience using the product, and other things felt by someone which are then told to other people. (Wahyoedi & Andry, 2021). Word of mouth is direct communication between individuals or groups regarding views or assessments of a product or service to provide personal information. This strategy influences consumer decisions to use products or services and can build customer trust (Fakhrudin et al., 2021, p. 651). Word of mouth is the overall communication between individuals regarding a particular product, service, or company at a time (Wibowo et al., 2022, p. 619).

**Price.** According to Kotler and Armstrong (2016:349), Price refers to the amount consumers pay to obtain a product or service. Price can also be understood as the value consumers consider in exchange for the benefits received through ownership or use of a product or service. This shows that Price is an essential consideration for consumers when they make purchases; even for some consumers, Price can be considered an indicator of product value. Products with negative values require a more significant payment than the benefits received, which will likely cause consumers to consider them to be of the wrong value and reduce their product consumption. Conversely, favorable value products provide more significant benefits than costs.

According to Nasution et al. (2020:59), Price is vital for consumers and sellers. For consumers, Price is the cost that must be incurred to obtain something, while for sellers, Price is a source of income or profit. According to Faozi and Handayani (2019:45), Price is the only element in the marketing mix that generates income, while other elements generate costs. Yasin and Achmad (2021) argue that personal communication channels in the form of words or recommendations orally (Word of mouth) can be an effective promotional method because it is generally delivered from consumers by consumers and to consumers so that satisfied consumers or customers can be an advertising medium for the company. When prospective customers know about the products offered through promotions or get information through Word of mouth, they have the right to consider the product quality before purchasing

**Product Quality.** Products play a central role in a company's operations and revenue. Companies must continue to innovate in product marketing to attract consumers. Companies must



understand consumer needs and adjust their products according to consumer expectations. Consumers and manufacturers have different views on product quality. Product quality is a critical factor influencing consumer confidence and purchasing decisions. Quality standardization is essential to ensure that the products produced meet consumer expectations.

The ISO 9000 framework defines product quality as "the overall features and characteristics of a product or service that bear on its ability to satisfy given needs." This means that we must identify the product's features and characteristics related to quality and then determine benchmarks and control methods (Sari & Prihartono, 2021, p. 1175).

Product quality is the ability of a product to perform its function, including overall durability, reliability, accuracy, ease of operation, and repair of the product and other product attributes. The suitability of product use is if the product has long durability, the product used will improve the image or status of the consumer. (Yasin & Achmad, 2021).

According to Kotler (2018:49), product quality is the totality of attributes of a product or service that determine its ability to meet consumers' expressed or implied needs. This illustrates that product quality is not only limited to the physical or technical characteristics of a product but also includes the ability of the product to satisfy the needs desired or expected by consumers, expressed directly and implied in the experience of using the product. In other words, product quality includes aspects such as reliability, performance, design, and comfort, which determine the overall value or satisfaction consumers provide. Therefore, companies must consider product quality to ensure that their products meet or exceed consumer expectations.

Product quality is a crucial policy to improve product competitiveness and ensure consumer satisfaction exceeds or at least equals that of competing products. Before understanding the essence of product quality, it is essential to understand the concept of the product as a whole. (Santoso, 2019). Based on experts' definition, product quality can be defined as the total attribute of a product or service that determines its ability to satisfy consumers' stated or implied needs. This includes durability, reliability, accuracy, ease of operation, product repair, and other attributes that affect the product's experience. Product quality also includes the ability of the product to provide satisfaction to consumers, both in terms of performance and value provided. Quality standardization is essential to ensure that the products produced meet or exceed consumer expectations, and companies must continue to innovate in product marketing to attract consumer purchasing interest. Product quality is also a critical factor influencing consumer trust and purchasing decisions, so companies must understand consumer views and adjust their products according to consumer expectations to maintain product competitiveness and ensure optimal consumer satisfaction.

**Speed of Service.** Speed of service is the ability to provide a quick response in the context of direct interaction between individuals or machines to meet customer satisfaction. This means that the service must be responsive and able to interact efficiently regardless of the status of the party being served (Azar & Efendi, 2020, p. 43).

Speed of service is a crucial factor in modern business that can affect customer satisfaction, brand reputation, and overall organizational performance. Some things related to the Speed of service are response time, waiting time, order processing, service process, transaction process, communication, information technology, and problem-solving (Akbar and Wadud, 2024: 5140).

According to Tjiptono in Mettyin Metty et al. (2022:1957), Speed refers to a person's ability to change direction or perform movements as quickly as possible, whether it is the same or not. It is very important to provide responsive and accurate customer service by conveying information. Causing consumers to wait is considered a negative indication of service quality. Therefore,

responsiveness can be explained as the attitude of employees who are responsive and ready to help the needs of customers who require service.

Speed means making coffee quickly, especially due to machine limitations, while also providing convenience to consumers by reducing the waiting time for their orders. Baristas need to be precise in making menus, including their sizes and measurements, because minor measurement errors can affect the quality of the coffee flavor served. (Yurindera, 2021).

Based on the definition of the experts you provide, Speed of service is the ability to provide a quick response in the context of direct interaction between individuals or machines to satisfy customers. This includes responsiveness and efficiency in interacting regardless of the status of the party being served. Speed also refers to a person's ability to change direction or make a movement as quickly as possible, whether it is the same or not. In the service context, this refers to providing responsive and accurate service to customers by conveying information clearly and avoiding making consumers wait, negatively indicating service quality. In addition, Speed in specific contexts, such as making coffee, includes making coffee quickly, paying attention to the quality of taste, and accurately measuring to provide convenience to consumers by reducing the waiting time for their orders.

**Discount Strategy.** According to Kotler in *The Greatest Showman* (2019), a discount is a price reduction given by a company within a certain period to increase product sales. A price discount can reduce a certain percentage from the initial Price. Discounts are an additional incentive to encourage consumers to be interested in or at least pay attention to the products offered. In other words, the discount amount can motivate consumers to purchase.

According to Belch & Belch (in Full Moon, 2021:45), Discount is a sales promotion strategy focusing on the price aspect, where customers are offered the same product at a lower price. The purpose of implementing discounts is to encourage buyers to make large purchases to increase sales volume. In addition, this strategy also aims to focus buyers' attention on certain sellers so that they can increase or maintain loyal customers to the seller. In addition, Discounts also function as a sales service that encourages purchase transactions by providing additional incentives to buyers to choose the products offered.

Discounts mean getting benefits in the form of lower prices than usual. What is interesting about discounts is their impact, namely low prices. From a psychological perspective, low prices can be addictive for consumers. This is evident in the field, where goods sold cheaper because of discounts will attract more buyers (Joesoef, 2021, p. 183). Discounts refer to direct price reductions given to certain products within a certain period and price cuts given by sellers to buyers. The provision of this Discount is usually adjusted to the policies and objectives of the company concerned (Putra et al., 2016, p. 71). Discounts are a form of price cuts companies give consumers to achieve various specific goals, benefiting them and the company itself (Astuti, 2018, p. 79).

Alma (2019:178) explains that discounts are given to consumers for several reasons, such as payment earlier than the specified period, large quantities, differences in weight, or as part of a program from the producer itself.

From the description that has been presented previously, the following conceptual research framework can be compiled:

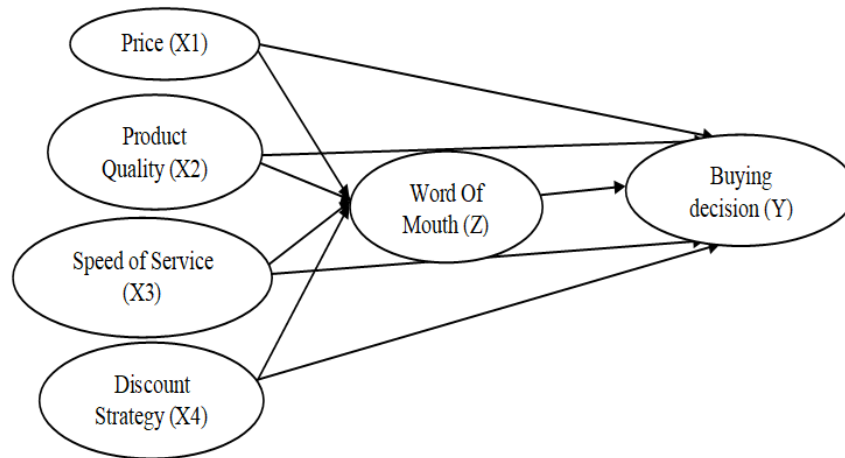


Figure 2. Conceptual Framework

**Hypothesis.** The hypotheses in this study are as follows: H1: There is an influence of Price on purchasing decisions; H2: There is an influence of product quality on purchasing decisions; H3: There is an influence of service speed on purchasing decisions; H4: There is an influence of discount strategy on purchasing decisions; H5: There is an influence of Price on Word of mouth; H6: There is an influence of product quality on Word of mouth; H7: There is an influence of service speed on Word of mouth; H8: There is an influence of discount strategy on Word of mouth; H9: There is an influence of Word of mouth on purchasing decisions; H10: There is an influence of Price on purchasing decisions through Word of mouth; H11: There is an influence of product quality on purchasing decisions through Word of mouth; H12: There is an influence of service speed on purchasing decisions through Word of mouth; H13: There is an influence of discount strategy on purchasing decisions through Word of mouth. The research model using SEM-PLS is shown in the following image:

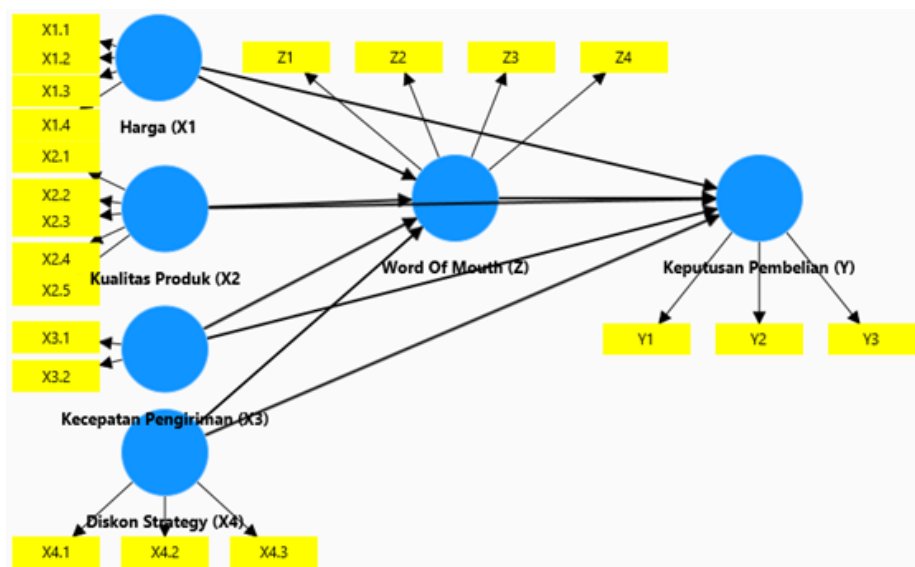


Figure 2. Research Model



## METHODS

This study uses a quantitative method, which examines a specific population by analyzing statistical data to test the established hypothesis (Sugiyono, 2018, p. 35). It is classified as correlational research that explores the relationship or influence between two or more variables. In correlational analysis, variables are divided into independent and dependent variables (Sugiyono, 2018, p. 36).

**Population and Sample.** Population refers to all respondents of objects and subjects measured based on specific characteristics and criteria relevant to the study (Sugiyono, 2016, p. 117). A more complex definition of population is that it is not just the number of subjects to be studied but also includes all characteristics or traits the subject possesses. The population referred to in this study is the 3905 consumers of micro coffee shop businesses in Batam City from 71 micro businesses in Batam City per day.

The sample is part of the population selected to be respondents in the study, which is considered to meet the criteria and requirements set and is expected to represent the population as a whole (Sugiyono, 2016, p. 118). The technique used for sampling in this study was carried out by nonprobability sampling and purposive sampling techniques; according to Lupiyoadi and Ikhsan (2015: 76), the purposive sampling technique is a sampling technique based on research objectives and sampling decisions depend on data collection criteria. The determination of consumer selection as a sample in this study is to determine the implementation of Coffeshop's competitive strategies. In determining the sample, some criteria will be used: Consumers who have purchased products from Coffeshop in Batam City at least 3 times.

Researchers found 356 coffee shop consumers, which is the number of populations to be sampled in Batam City. The level of precision set in determining the sample is 5%.

### Slovin's Formula

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{356}{1 + 356 (0,05)^2}$$

$$n = \frac{356}{1,89}$$

$$n = 188$$

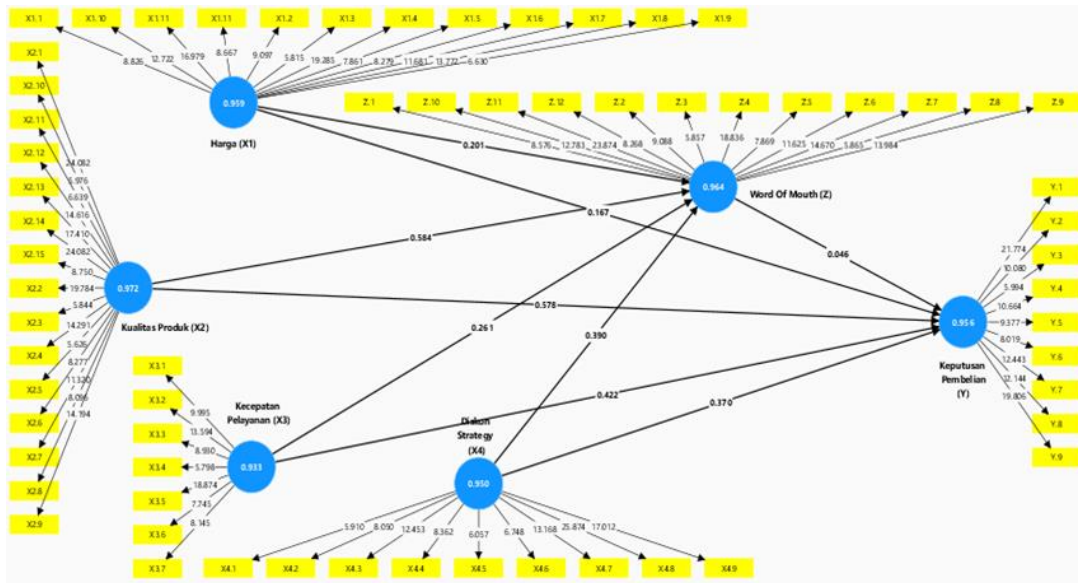
**Partial Least Square (PLS) Analysis.** The data analysis technique in this study uses Partial Least Square (PLS), a second-generation Multivariate Analysis using structural equation modeling (Structural Equation Model/SEM). PLS can be used for small sample sizes, and of course, with a large sample size, it will be more capable of increasing estimation precision. PLS does not require data distribution assumptions to be expected or not. The form of the construct can use a reflective or formative model. The maximum number of indicators is also quite large, namely 1000 (Hair, Hult, Ringle, & Sarstedt, 2014).

## RESULT AND DISCUSSION

**Description of Research Object.** The coffee shop is a business that is related to lifestyle. With the creation of a coffee shop, the public or someone can buy and drink coffee as a routine activity and a valuable experience. Today's young people no longer question buying coffee at a relatively high price because drinking coffee today is not just a demand of taste. However, it has become part of a lifestyle for some urban communities. They live a consumptive life to follow the trends in the current era, and now, the culture of drinking and enjoying coffee has become a contemporary

lifestyle in society. Therefore, it is essential to determine a marketing strategy based on the marketing target of the business.

**Structural Model Evaluation (Inner Model).** Evaluation of the inner model can be seen from several indicators, including the coefficient of determination (R<sup>2</sup>), Predictive Relevance (Q<sup>2</sup>) and Goodness of Fit Index (GoF) (Hussein, 2015). The results of the structural model displayed by Smart PLS 3.0 in this study are as follows:



Source: Processed primary data (2024)

**Figure 3. Structural Model (Inner Model)**

**Results of the R-Square Determination Test (R<sup>2</sup>).** Assessing the model with PLS begins by looking at the R-square for each dependent latent variable. The results of the r<sup>2</sup> calculation in this study are as follows:

**Table 1. Correlation Value (r<sup>2</sup>)**

	R-square	Adjusted R-square
Purchase_Decision_Y	0.921	0.873
Word_of_Mouth_Z	0.944	0.892

Source: Processed primary data (2024)

Based on the calculation results using bootstrapping in Table 4.17 above, it is known that the r<sup>2</sup> value of the Purchase Decision variable (Y) is 0.873, which means that the Purchase Decision variable (Y) is influenced by the Price Variable (X1), Product Quality Variable (X2), Service Speed Variable (X3) and Variables Discount Strategy (X4) is 87.3% or in other words the contribution of the Price Variable (X1), Product Quality Variable (X2), Service Speed Variable (X3) and Variables Strategy Discount (X4) is 87.3%.

The r<sup>2</sup> result of the Word of Mouth (Z) variable is 0.892, which means that the Word of Mouth (Z) variable is influenced by the Price Variable (X1), Product Quality Variable (X2), Service Speed Variable (X3) and Variables Discount Strategy (X4) is 89.2%, or in other words, the contribution of



the Price Variable (X1), Product Quality Variable (X2), Service Speed Variable (X3) And Variables Strategy Discount (X4) is 89.2%.

**Table 2.** T-Test (Partial)

Sample asli (0)	Rata-rata sample (M)	Standard deviation (STDEV)	T statistik (IO/STDEV)	Nilai P (P values)
0.714	0.698	0.123	5.815	0.000
0.799	0.781	0.102	7.861	0.000
0.696	0.676	0.105	6.630	0.000
0.649	0.639	0.109	5.976	0.000
0.701	0.681	0.106	6.639	0.000
0.793	0.791	0.091	8.750	0.000
-0.214	-0.174	0.859	0.249	0.804
-0.394	-0.307	1.362	0.289	0.773
0.711	0.695	0.123	5.798	0.000

**H1: Price (X1) influences Word Of Mouth (Z).** Based on the test results in Table 4.18, the first hypothesis is that Price (X1) significantly influences the Word Of Mouth (Z) variable. The Price (X1) variable has a t-statistic value of 5.976 and a p-value of 0.000. The t-statistic value of Price (X1) is above the t-table value of 1.96 (5.976 > 1.96), with a p-value of 0.000 < 0.05, so the first hypothesis is accepted. The first hypothesis is that Price (X1) significantly influences the Word Of Mouth (Z) variable. The results of Jerome Mc Carthy's theory are that Price helps set product prices and can affect income and costs.

**H2: Product Quality (X2) influences Word Of Mouth (Z).** Based on the test results in Table 4.18, the second hypothesis is that Product Quality (X2) does not significantly affect the Word Of Mouth (Z) variable. The Product Quality (X2) variable has a t-statistic value of 0.289 and a p-value of 0.773. The t-statistic value of Product Quality (X2) is below the t-table value of 1.96 (0.289 < 1.96), with a p-value of 0.773 > 0.05 so that the second hypothesis is rejected. The second hypothesis is that Product Quality (X2) does not significantly affect the Word Of Mouth (Z) variable. A product may offer good quality, but if the benefits are not immediately visible or not striking enough, consumers may not feel compelled to recommend the product to others.

**H3: Speed of Service (X3) affects Word of Mouth (Z).** Based on the test results in Table.2, it can be seen that the third hypothesis is that Service Speed (X3) has a significant influence on the Word Of Mouth (Z) variable. The Service Speed (X3) variable has a t-statistic value of 8.750 and a p-value of 0.000. The t-statistic value of Delivery Speed (X3) is above the t-table value of 1.96 (8.750 > 1.96), with a p-value of 0.000 < 0.05, so the third hypothesis is accepted. The third hypothesis is that Service Speed (X3) significantly influences the Word Of Mouth (Z) variable. According to the theory of Parasuman et al., Service Speed is the ability to provide accurate and reliable services. This means that employees in the Coffee Shop Business must have good abilities to provide the food or beverage products offered.

**H4: Discount Strategy (X4) affects Word Of Mouth (Z).** Based on the test results in Table 4.18, the fourth hypothesis is that Discount Strategy (X4) significantly influences the Word Of Mouth (Z) variable. The Discount Strategy (X4) variable has a t-statistic value of 7.861 and a p-value of 0.000. The t-statistic value of Discount Strategy (X4) is above the t-table value of 1.96 (7.861 > 1.96), with a p-value of 0.000 < 0.05, so the fourth hypothesis is accepted. The fourth hypothesis is that Discount Strategy (X4) significantly influences the Word Of Mouth (Z) variable.



In theory, pricing is a policy that concerns how much value consumers or customers spend to get the product or menu they want at the coffee shop.

**H5: Word Of Mouth (Z) influences Purchasing Decisions (Y).** Based on the test results in Table 4.18, it can be seen that the fifth hypothesis is that Word Of Mouth (Z) has a significant influence on the Purchase Decision variable (Y). The Word Of Mouth (Z) variable has a t-statistic value of 5.798 and a p-value of 0.913. The t-statistic value of Word Of Mouth (Z) is below the t-table value of 1.96 ( $5.798 > 1.96$ ), with a p-value of  $0.000 < 0.05$ , so the fifth hypothesis is accepted. The fifth hypothesis is that Word Of Mouth (Z) significantly influences the Purchase Decision variable (Y). Kotler and Keller also stated that Word of Mouth (WoM) is communication between individuals that does not involve commercializing products, services, or brands.

**H6: Price (X1) influences purchasing decisions (Y).** Based on the test results in Table 4.18, the sixth hypothesis is that Price (X1) significantly influences the Purchase Decision variable (Y). The Price variable (X1) has a t-statistic value of 6.630 and a p-value of 0.000. The t-statistic value of Price (X1) is above the t-table value of 1.96 ( $6.630 > 1.96$ ), with a p-value of  $0.000 < 0.05$ , so the sixth hypothesis is accepted. The sixth hypothesis is that Price (X1) significantly influences the Purchase Decision variable (Y). Price is the monetary value customers must pay to obtain or own a company's product. This is an essential revenue-generating component for a business.

**H7: Product Quality (X2) influences Purchasing Decisions (Y).** Based on the test results in Table 4.18, it can be seen that the seventh hypothesis is that Product Quality (X2) has a significant influence on the Purchase Decision variable (Y). The Product Quality variable (X2) has a t-statistic value of 0.249 and a p-value of 0.804. The t-statistic value of Product Quality (X2) is below the t-table value of 1.96 ( $0.249 < 1.96$ ), with a p-value of  $0.249 > 0.05$  so that the seventh hypothesis is accepted. The seventh hypothesis is that Product Quality (X2) does not significantly influence the Purchase Decision variable (Y). Some purchases are driven by emotional or psychological factors, such as the need to feel social status or personal satisfaction. These factors often override product quality considerations.

**H8: Speed of Service (X3) influences Purchasing Decisions (Y).** Based on the test results in Table 4.18, it can be seen that the eighth hypothesis is that Service Speed (X3) has a significant influence on the Purchase Decision variable (Y). The Service Speed variable (X3) has a t-statistic value of 6.639 and a p-value of 0.000. The t-statistic value of Service Speed (X3) is above the t-table value of 1.96 ( $6.639 > 1.96$ ), with a p-value of  $0.000 < 0.05$ , so the eighth hypothesis is accepted. The eighth hypothesis is that Service Speed (X3) significantly influences the Purchase Decision variable (Y). According to the theory of Zeithaml, Parasuman, and Berry from the research data analysis, service is the ability, knowledge, friendliness, and politeness of employees to provide trust for customers.

**H9: Discount Strategy (X4) affects Purchasing Decisions (Y).** Based on the test results in Table 4.18, it can be seen that the first hypothesis is that Discount Strategy (X4) has a significant influence on the Purchase Decision variable (Y). The Discount Strategy variable (X4) has a t-statistic value of 5.815 and a p-value of 0.000. The t-statistic value of Discount Strategy (X4) is below the t-table value of 1.96 ( $5.815 > 1.96$ ), with a p-value of  $0.000 < 0.05$ , so the ninth hypothesis is accepted. The ninth hypothesis is that Discount Strategy (X4) significantly influences the Purchase Decision variable (Y).

According to Philip Kotler's theory, a discount strategy is based on the target consumer group and target market that is to be marketed. A discount strategy market needs to be implemented because the target market has different needs and desires.

**Indirect Effect Intervening Test.** The indirect effect test is conducted by testing the strength of the indirect effect of the independent variable (variable X) to the dependent variable (variable Y)

through the intervening variable (variable Z) with the condition that the t-statistic value is > 1.96. The indirect effect can be significant if both direct effects that form it are significant. The results of this test can be seen in the following Table:

Table 3. Intervening Test

	Original sample (0)	Sample mean (M)	Standard deviation (STDEV)	T statistic (I0/STDEV)	P values
X2 → Z → Y	0.801	0.771	0.096	8,362	0.000
X4 → Z → Y	0.656	0.645	0.108	6,057	0.000
X1 → Z → Y	0.707	0.688	0.105	6,748	0.000
X3 → Z → Y	0.729	0.704	0.122	5,994	0.000

Source: Processed primary data (2024)

**Hypothesis 10.** H10: Price (X1) has a significant effect on Purchasing Decision (Y) through Word Of Mouth (Z). Based on Table 4.19 above, it can be seen that the t-statistic value of the influence of Price (X1) has a positive effect on Purchasing Decision (Y) mediated by Word Of Mouth (Z) is greater than the statistical value (1.96) with a significant influence of 6.748 and a p-value <0.05 with a spread of 0.000. It can be concluded that Word of mouth (Z) has a positive and significant effect on mediating Price (X1) and purchasing decisions (Y).

**Hypothesis 11.** H11: Product Quality (X2) has a significant effect on Purchasing Decision (Y) through Word Of Mouth (Z). Based on Table 4.19 above, it can be seen that the t-statistic value of the influence of Product Quality (X2) has a positive effect on Purchasing Decision (Y) mediated by Word Of Mouth (Z) is greater than the statistical value (1.96) with a significant influence of 8.362 and a p-value <0.05 with a spread of 0.000. It can be concluded that Word Of Mouth (Z) has a positive and significant effect in mediating Product Quality (X2) on Purchasing Decisions (Y).

**Hypothesis 12.** H12: Service Speed (X3) has a significant effect on Purchasing Decision (Y) through Word Of Mouth (Z). Based on Table 4.19 above, it can be seen that the t-statistic value of the influence of Service Speed (X3) has a positive effect on Purchasing Decision (Y) mediated by Word Of Mouth (Z) is greater than the statistical value (1.96) with a significant influence of 5.994 and a p-value <0.05 with a spread of 0.000. So it can be concluded that Word Of Mouth (Z) has a positive and significant effect in mediating Service Speed (X3) on Purchasing Decision (Y)

**Hypothesis 13.** H13: Discount Strategy (X4) has a significant effect on Purchasing Decision (Y) through Word Of Mouth (Z). Based on Table 4.19 above, it can be seen that the t-statistic value of the influence of Discount Strategy (X4) has a positive effect on Purchasing Decision (Y) mediated by Word Of Mouth (Z) is greater than the statistical value (1.96) with a significant influence of 6.057 and p-value > 0.05 with a spread of 0.000. It can be concluded that Word Of Mouth (Z) has a positive and significant effect in mediating Discount Strategy (X4) on Purchasing Decisions (Y).

### CONCLUSION

Based on the research results explained in the previous chapter, the following research conclusions can be obtained:

1. The first hypothesis is that Price (X1) significantly influences the word-of-mouth variable (Z). If the coffee shop's Price is in accordance with the comparable taste/quality, consumers may



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feel satisfied with the Price paid, which can add positive value to promotions through word-of-mouth.

2. The second hypothesis is that product Quality (X2) does not significantly affect the Word-of-Mouth variable (Z). Where the market is very competitive with many choices, product quality may not be prominent enough to trigger word-of-mouth recommendations. Consumers may be more focused on the brand or other more prominent features.
3. The third hypothesis is that service Speed (X3) significantly influences the Word-of-Mouth variable (Z). The better the service speed, the more positive the value will be in being informed to other parties through word-of-mouth.
4. The fourth hypothesis is that the Discount Strategy (X4) significantly influences the Word-of-Mouth variable (Z). If the Coffee Shop provides a Discount, it will make Consumers happy and add positive value that consumers will inform other parties about through word-of-mouth activities.
5. The fifth hypothesis is that Word of mouth (Z) significantly influences the Purchase Decision variable (Y). Recommendations from friends, family, or even influencers are considered more credible than advertisements or promotions from the company itself. Consumers tend to trust other people's opinions more than marketing claims.
6. The sixth hypothesis is that Price (X1) significantly influences the Purchasing Decision variable (Y). This means that if the Price consumers pay for the food/drinks they buy is appropriate, then it can be used as a factor in Purchasing Decision activities.
7. The seventh hypothesis is that product Quality (X2) does not significantly influence the Purchase Decision variable (Y). The overall experience during the purchasing process, such as good customer service or an easy purchasing process, can influence purchasing decisions more than product quality.
8. The eighth hypothesis is that service Speed (X3) significantly influences the Purchase Decision variable (Y). Consumers are more satisfied with fast and efficient service, positively impacting purchase decisions.
9. The ninth hypothesis is that the discount Strategy (X4) significantly influences the Purchase Decision variable (Y). Consumers may be more likely to purchase when there is a discount, even if they initially did not intend to buy. Discounts can change their decisions and increase sales volume.
10. Word of Mouth (Z) has a positive and significant influence in mediating Price (X1) towards Purchasing Decisions (Y), which means that consumers/baristas who provide positive information to other parties/consumers regarding prices that match the taste they get will also result in positive Purchasing Decision activities.
11. Word Of Mouth (Z) has a positive and significant influence in mediating Product Quality (X2) on Purchasing Decisions (Y). which means that consumers/baristas who provide positive information to other parties/consumers regarding the product quality of the drinks/food obtained will also result in positive Purchasing Decision activities.
12. Word Of Mouth (Z) has a positive and significant influence in mediating Service Speed (X3) towards Purchasing Decisions (Y). which means that consumers/baristas who provide positive information to other parties/consumers regarding satisfactory and appropriate service speed will result in positive Purchasing Decision activities.
13. Word Of Mouth (Z) has a positive and significant influence in mediating Discount Strategy (X4) towards Purchasing Decision (Y). which means that consumers/baristas who provide

positive information to other parties/consumers regarding the Discount Strategy provided will result in positive Purchasing Decision activities.

Based on these conclusions, suggestions can be made to help the micro coffee shop Business in Batam City.

1. Price is a factor in purchasing decisions at coffee shops in Batam City. So, consumers are still interested in making repeat purchases when the Price of coffee is in any price range. Even when coffee shops hold events on certain days, the number of consumers is usually higher than usual.
2. Many coffee shops in Batam City still often improve the quality of service by establishing positive communication and good emotional relationships with customers. Positive communication and good emotional relationships between employees, such as light greetings and small talk, will make customers feel cared for and comfortable, forming loyalty and influencing the growth of coffee demand when customers visit the coffee shop.
3. For the coffee shop side, in order to increase innovation in attracting consumers aged 30 years and above to be interested in visiting the coffee shop, such as conducting promotions on social media that can attract the attention of that age group because there are still few consumers of that age who visit coffee shops, thus the demand for coffee in coffee shops is less than optimal.
4. Future researchers are recommended to examine other variables that influence purchasing decisions, such as promotion, interior design, and the design of coffee shops.

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