

THE EFFECT OF PRICE, SERVICE QUALITY, AND LOCATION ON PURCHASE DECISIONS AT TAN-PANAMA COFFEE SHOP IN DENPASAR

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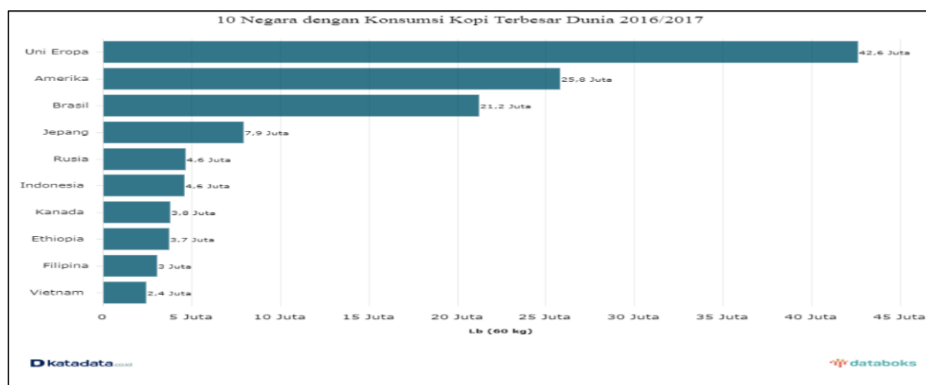
Abstract:

The industry that has the potential to provide a direct impact on the creative economy is the food sector. One type of culinary business that is currently very popular with the public is a coffee shop. The purpose of this study was to examine how the influence of the Tan-Panama coffee shop in Denpasar City on consumer purchasing decisions by looking at several factors, such as price, location, and service quality. This study uses accidental sampling techniques to test and evaluate the causal relationship between two variables. The Slovin formula is used to determine the sample size, and 100 respondents are included in the sample, by utilizing the (t) and (f) tests and multiple linear regression analysis as data analysis techniques. The findings of the study indicate that in the Tan-Panama coffee shop located in Denpasar City, price, service quality, and place all have a positive and significant impact on the variables influenced, namely the decision to buy. Price, service quality, and location have a positive and significant influence on purchasing decisions.

Keywords: Price, Service Quality, Location, Purchase Decision

INTRODUCTION

The benefits of doing business in the food sector can be seen from tens of millions to hundreds of millions of rupiah. Data from the Indonesian Creative Economy Agency (Bekraf) is in line with this. Culinary skills will always be needed; people will eat not because they are hungry, but as a lifestyle. The coffee shop industry is one of the culinary businesses that is currently popular. Figure 1 shows that in terms of coffee consumption, Indonesia was in sixth place in 2016–2017, below the US, Brazil, Japan, Russia, and the European Union. Each person in Indonesia consumes 4.6 million kilograms of coffee. In 2021, the level of coffee consumption in Indonesia is predicted to continue to increase in the future. It is estimated that the level of coffee consumption in Indonesian society will increase by an average of 8.22% per year between 2016 and 2021.



Source: International Coffee Organization (ICO), 2018

Figure 1. 10 Countries with the Largest Coffee Consumption



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Denpasar, the capital of Bali province, is one of the areas in Indonesia that is still developing and becoming a place for the development of the café society phenomenon. In Denpasar, many coffee shops attract locals and tourists, each offering something unique. Coffee shops in Denpasar provide various themes, ranging from traditional Balinese style to modern minimalist design, thus providing a unique experience for guests. One of the coffee shops in Denpasar with a varied menu is Tan-Panama. Based on initial findings, Tan-Panama Coffee Shop has a number of problems, including poor ratings and the number of visitors is less than the target of 75%. It shows that customers have not decided what to buy from Tan-Panama Coffee Shop.

Every consumer who shops will definitely determine their choice of products to be purchased. The initial stage in the decision-making process that precedes post-purchase behavior is purchasing (Saputra and Paranoan 2024). Consumers are faced with a number of choices when entering the initial stage of the purchasing decision-making process. Based on the choices that have been identified, consumers will act to decide whether to purchase a product (Haque, 2020). Empirical studies have been conducted previously, so this study can conclude what factors will determine the decision to purchase goods or products by consumers.

Price is one of the elements that can influence consumers in determining purchasing decisions. Regarding how price affects purchasing decisions, empirical research produces varying results. Price is a determining factor in purchasing decisions according to Priambodo & Wijayanto (2023) and Anggraini & Soliha (2020). Hidayat (2021) concluded the opposite, namely that the price variable does not have a positive influence on purchasing decisions. Other elements, such as business location and service quality, can also influence purchasing decisions. According to Sumanti et al. (2022) and Kusumaradya (2021), purchasing decisions are positively influenced by service quality. Lestari et al. (2021) and Aghniya & Juju (2019), business location can influence consumer purchasing decisions. However, research by Purnama (2023) and Rasulong (2019) explains that business location and service quality do not have much influence on consumer purchasing decisions.

Literature Review. Purchasing decisions are actions that have a direct relationship to the acquisition of goods or products provided by the seller. According to Arfah (2022), consumers make decisions about what kind of products to buy by forming preferences among various brands of goods. This choice drives the process by which customers choose between two or more options to buy goods and products that best suit their needs. Customer purchasing decisions influence how the decision-making process is carried out. Complex decision-making must go through a long process, such as the existence of two or three or more choices that create the goal of deciding to buy the most desired goods and products to avoid, postpone, or collaborate. Perceived risk has a significant impact on these choices (Saputra and Laksmi 2024).

Price is an important component in a business because it determines how much money the company will earn and how long the company will survive. Price is a mechanism that consumers will use to exchange goods or services in the future (Cynthia, 2022). Price, according to Gunarsih et al. (2021), is the amount of money needed to pay for various combinations of goods and services. One of the most important managerial considerations is price. Price must be sufficient to cover all costs and generate profit.

The degree of gap between consumer expectations of services and the reality regarding the quality of service received is called service quality. By comparing consumer perceptions of the services they receive with their actual experiences, the quality of service can be determined (Iman & Prasetyo, 2020). Consumer expectations of the services they should receive are compared with the services they actually receive to determine the definition of service quality. Therefore, comparing



consumers' views of the services they actually receive with their expectations or desires can help determine the quality of service they receive (Mahira et al, 2021).

The location that has been determined is one of the strategic factors because it can affect the achievement of the company's goals. According to Fandy Tjiptono (in Sari, 2021), the location of the company is where the company runs a business or produces goods and services that emphasize economic factors. According to Heizer (in Sari, 2021), the location strategy aims to optimize the company's advantages compared to competitors.

METHODS

This study is a quantitative study that uses statistical analysis tools to analyze the impact of independent variables on dependent variables. The number of samples is determined through random sampling techniques and the Slovin formula, so that 100 respondents are obtained. Data were collected using a questionnaire that has a Likert measurement scale, with a score of 5 to 1 according to the predetermined weight.

This study evaluates the data through several techniques. Validity tests are applied to assess the reliability of the questionnaire. If the questions in the questionnaire are able to provide information about the things being measured, then the questionnaire is considered valid (Ghozali, 2018:47). To control the questionnaire that acts as an indicator of a variable or construct, reliability testing is needed (Sugiyono, 2019). Three types of tests included in the classical assumption test are the normality test, which can provide an overview of disturbances in the regression model with a normal distribution (Sugiyono, 2019), the multicollinearity test, which identifies whether there is a correlation between independent variables in the regression model (Sugiyono, 2019), and the heteroscedasticity test, which evaluates whether there is inequality in the variance of the residuals between one observation and another (Sugiyono, 2019).

To measure the relationship and influence of more than two independent variables, multiple regression analysis is used. By utilizing SPSS Version 26 software on Windows, multiple regression analysis is applied to evaluate the impact or contribution of independent variables to the dependent variable so that the hypothesis can be tested.

RESULT AND DISCUSSION

Respondent Characteristics.

Table 1. Respondent Characteristics

No	Variable	Classification	Total (Person)	Percentage (%)
1	Gender	Male	68	68
		Female	32	32
		Total	100	100
2	Age	18-25 Years Old	73	73
		26-30 Years Old	27	27
		Total	100	100
3	Occupation	Students	73	73
		Civil Servant	3	3
		Private Employee	16	16
		Self-Employee	8	8
		Total	100	100

Source: Researcher, 2025



One hundred respondents were used as the sample size. In terms of gender, the male gender was dominant, which was 68.0% of the total respondents. In terms of age, those aged between 18 and 25 years were the majority (73.0%). With a ratio of 73.0%, people who worked while still students dominated.

Classical Assumption Test.

Table 2. Normality Test

N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	2.27111539
Most Extreme Differences	Absolute	.074
	Positive	.050
	Negative	-.074
Test Statistic		.074
Asymp. Sig. (2-tailed)		.200 ^{c,d}

The Kolmogorov-Smirnov value is 0.200, according to the normality test using the one-sample Kolmogorov-Smirnov Test, which is shown in Table 4.8. The data used are normally distributed, the model meets the normality assumption because the Kolmogorov-Smirnov value is higher than the Kolmogorov-Smirnov table value of 0.05, Ho is accepted.

Table 3. Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.573	1.075		.533	.595		
Price	.345	.072	.279	4.773	.000	.793	1.261
Quality of Service	.588	.066	.524	8.884	.000	.777	1.287
Location	.325	.063	.300	5.151	.000	.798	1.253

a. Dependent Variable: Buying decision

The multicollinearity test shows that the independent variables have a VIF value of less than 10 and a tolerance value of more than 0.10. As a result, there is no sign of multicollinearity in the regression model.

Table 4. Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.291	.669		1.930	.057
Price	7.442E-5	.045	.000	.002	.999
Quality of Service	.032	.041	.090	.784	.435
Location	.003	.039	.010	.084	.933

a. Dependent Variable: abs_e

Each model has a significance value higher than 0.05 (5%), according to the results of the heteroscedasticity test that has been carried out. It shows that there are no signs of heteroscedasticity



in this study because the independent variables used do not have a significant effect on the dependent variable, namely the absolute error.

Table 5. Multiple Linear Regression Analysis

Variable	Regression Coefficient		t	Sig
	B	Std. Error		
Price (X1)	0,345	0,072	4,773	0,000
Quality of service (X2)	0,588	0,066	8,884	0,000
Location (X3)	0,325	0,063	5,151	0,000

(Constant): 0,573
 F Statistics: 91,109
 Sig F: 0,000
 R²: 0,732
 R: 0.860

Based on the results of multiple linear regression analysis, the multiple linear regression equation can be written as follows:

$$Y = 0.573 + 0.345X1 + 0.588X2 + 0.325X3$$

Where:

- Y = Purchase decision
- X1 = Price
- X2 = Service quality
- X3 = Location

The equation of the multiple linear regression analysis can be explained as follows, namely: α = Constant value of 0.573 means that if price (X1), service quality (X2), and location (X3) are equal to zero, then the purchasing decision is 0.573.

X1 = 0.345 shows that the price regression coefficient has a coefficient with a positive direction. It means that if the price increases by one unit, it is followed by an increase in purchasing decisions by 0.345, assuming that the quality of service and location do not change or are equal to zero.

X2 = 0.588 shows that the service quality regression coefficient has a coefficient with a positive direction. It means that if the quality of service increases by one unit, it is followed by an increase in purchasing decisions by 0.588, assuming that the price and location do not change or are equal to zero.

X3 = 0.325 shows that the location regression coefficient has a coefficient with a positive direction. It means that if the location increases by one unit, it is followed by an increase in purchasing decisions by 0.325, assuming that the price and quality of service do not change or are equal to zero.

Table 6. F test

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1453.871	3	484.624	91.109	.000 ^b
	Residual	510.639	96	5.319		
	Total	1964.510	99			

a. Dependent Variable: Buying decision



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b. Predictors: (Constant), Location, Price, Service Quality

Based on the analysis of the F test, H_0 is rejected if the calculated F value (91.109) is greater than the F table value (2.70) with a significance level of F of 0.000. These results explain that simultaneously or together the variables of price, service quality and location have a positive and significant influence on purchasing decisions at the Tan-Panama coffee shop in Denpasar City.

CONCLUSION

Price, service quality, and location all contribute positively and significantly to consumer choices in making purchases of goods and products, based on the results of research involving data analysis and discussion. It shows that customers are more likely to make purchases when the aspects of price, location, and service quality are in favorable conditions. Conversely, if the price, location, and service quality are not in accordance, people will be more reluctant to buy. At Kedai Kopi Tan-Panama, located in Denpasar City, the elements of price, service quality, and location have a positive and significant impact on the decision to transact. In other words, the better the conditions of price, service quality, and position, the more profitable the purchasing decision taken.

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