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## **INFLUENCE OF PRODUCT QUALITY, PROMOTION ON PURCHASE DECISION ON COFFEE BUSINESS IN TABANAN BALI**

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### **ABSTRACT**

Increasing competition in the business world, especially in the coffee business, requires a competitive advantage to improve purchasing decisions. Due to the increasing number of competitors, customers today have more options than ever to choose high-quality products. This study aims to determine the effect of product quality and advertising on coffee purchasing decisions in Tabanan. The method used in this study is the method of saturated sampling technique with a total of 97 respondents. The analysis technique used in this study is multiple linear regression analysis. The results showed that product quality had a positive effect on coffee purchasing decisions, product quality improvement would be followed by an increase in purchasing decisions, and promotion had no positive effect on coffee purchasing decisions. The novelty in this study is that product quality with the addition of full wash process product indicators is able to improve purchasing decisions and promotions are not able to improve purchasing decisions on robusta coffee in Pujungan Tabanan Bali.

### **KEY WORDS**

Product quality, promotion, purchase decision, coffee industry.

The coffee business competition is getting sharper, resulting in consumers having a high bargaining position on the quality of product choices. Consumers tend to choose places that are comfortable and have good service, as well as cheaper prices, faster times, and of course with little risk. The key to achieving business goals is identifying the needs and wants of the target market and providing the satisfaction that is expected to be more effective and efficient than the competition. Consumers who are satisfied in consuming the product continuously, as well as loyal to the product are happy to promote the product to others, so that it is expected to improve their purchasing decisions. Comfortable conditions can be a stimulus for consumers to go to the location, and interact to improve purchasing decisions (Sudaryono, 2016). Phenomena related to product quality and promotion: (1) the number of coffee variants offered in the market, especially in Tabanan; (2) promotion of coffee products is more often carried out in modern markets than in traditional markets, so that the market share does not touch the level of the wider community. Research findings on product quality in purchasing decisions by Ridwan and Apriana (2019); Maupa, et al. (2019); Suryani (2019); and Mauldina (2019) indicated that the quality of the product has a positive impact on purchasing decisions. Different results were found in a study by Ashari, et al. (2020), which states that product quality has no significant positive effect on purchasing decisions.

Another factor that influences purchasing decisions is good advertising. The results of studies on the effect of promotion on purchasing decisions were presented by Maulidina (2019), Suhadarliyah and To (2018); Tomahuw and Agusti (2018); and Primadasa (2019) found that advertising has a positive and significant effect on purchasing decisions. Different results were found in the study by Ashari, et al. (2020), who finds that there is a positive but not significant effect of advertising on purchasing decisions.

### **LITERATURE REVIEW AND HYPOTHESES**

The theory of reasoned action (TRA) was first introduced by Fishbein and Ajzen (1975). However, one can make judgments for completely different reasons). An important



concept in the spotlight is an important thing to consider. According to Rohmat (2019), the will is determined by attitudes and subjective norms. Rohmat (2019) found that attitudes affect behavior through the decision-making process of three things including: (1) specific behavior, (2) behavior is influenced by objective attitudes and norms. Behavioral attitudes and subjective norms form a. According to the formulation of the problem and the theory used, the research model is as shown in Figure 1.

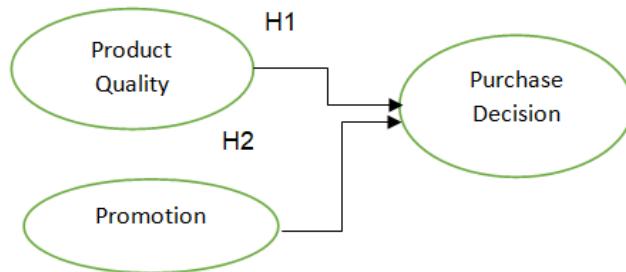


Figure 1 – Research Model (Source: Researcher, 2022)

The quality of the product depends on the judgment of the consumer when making their purchase decision (Tjiptono, 2017: 130). Product quality is measured through perception, so consumer tastes drive purchasing decisions (Tjiptono, 2017: 131). Satisfied consumers buy a product and tell others about their experiences with the product. Consumer satisfaction has a major impact on potential customers. This indicates that the quality of the product has a strong influence on the purchase decision. This statement is consistent with research by Ridwan and Apriana (2019) that product quality has a positive impact on purchasing decisions. Supported by research by Maupa, et al. (2019); Suryani (2019); and Maulidina (2019) found that product quality has a positive impact on purchasing decisions.

Based on the results of the empirical investigations, the following hypotheses can be formulated:

*H1: Product quality has a positive effect on coffee purchasing decisions in Tabanan.*

Advertising is an activity aimed at influencing consumers so that they can present products to a wider community for the company to offer them for sale (Gitosudarmo, 2017: 285). This statement is consistent with the opinion of Kotler and Armstrong (2016), who claim that sales promotion is a short-term incentive to buy products. Attractive promotions should improve the purchasing decisions of consumers. The results of Maulidina's (2019) research confirmed that the action had a positive and significant effect on purchasing decisions. Supported by the research of Suhadarliyah and Kian To (2018); Tomahuw and Agusti (2018); and Primadasa (2019), who finds that advertising has a positive effect on purchasing decisions. Based on these statements and the results of empirical studies, the following hypothesis can be formulated:

*H2: Promotion has a positive effect on coffee purchasing decisions in Tabanan.*

## METHODS OF RESEARCH

This research was conducted in the robust coffee industry in Pujungan Village, Pupuan District, Tabanan Regency. The subject of the investigation is the product quality, sales promotion and purchase decisions of coffee in Tabanan. The data type consists of quantitative data and qualitative data, the data sources are primary and secondary data. The research variables used in this study can be defined as follows: 1) Product quality is the ability of a product to perform its functions, including the product's general durability, reliability, accuracy, ease of use and repair, as well as other functions of the product. Attributes Indicators of product quality variables according to Tjiptono (2016:134): performance, reliability, conformance to specifications, durability, usability, aesthetics, perceived quality. 2) Advertising is a type of communication that provides explanations that persuade potential consumers of goods and services, while the purpose of advertising is to



attract attention, educate, remind and persuade potential consumers. The indicators for the doctorate variable according to Kotler and Keller (2018: 272) are the scope of the doctorate, the quality of the doctorate, the quantity of the doctorate, the time of the doctorate, the accuracy of the goal of the funding. 3) The purchase decision is an individual action that is directly related to the purchase and use of the goods offered. The purchasing decision indicators according to Kotler and Keller (2016: 170) are product stability, product purchasing habits, recommendations, repeat purchases. The population used in this study was all customers of the Robusta coffee shop in Tabanan, the number of samples used by the researchers in this study was 97 respondents. The census method is used as the sampling method. The data collection methods used are the following: observation, documentary study, bibliography, questionnaires. The data analysis technique used to test the data in this study is multiple linear regression analysis that aims to determine the effect of one variable on other variables.  $Y = a + b_1 X_1 + b_2 X_2 + e$   $Y$  = purchase decision variable  $a$  = point of intersection  $b_1$  regression coefficient of the variable product quality  $b_2$  = regression coefficient of the variable promotion  $X_2$  = variable product quality  $X_1$  = variable promotion  $e$  = residual component or error term.

## RESULTS AND DISCUSSION

**Validity Test** Based on the results of the study, it can be explained that all items of the questions have a value greater than 0.3, so that all items of the questions for all investigation variables correlate significantly with the total score, which explains that the points of the questionnaire are valid. **Reliability Test** based on the study results, it can be explained that the value of Cronbach's alpha is greater than 0.70 for all study variables, so that the reliability of the items of the study instrument can be concluded.

**Test of Normality** The test of normality was performed using the Kolgomorov-Smirnov statistical test, commonly known as K-S, available in SPSS 21.00 for Windows. The criterion used is to compare the obtained significance level with the alpha level used, it can be said that the data are normally distributed if  $\text{sig.} > 0.05$  as shown in Table 1 below

Table 1 – Normality Test Results

	n/n	Unstandardized Residual
N		97
Normal Parameters <sup>a,b</sup>	Mean Std. Deviation	.0000000 1.03437370
Most Extreme Differences	Absolute Positive Negative	.062 .061 -.062
Kolmogorov-Smirnov Z		.608
Asymp. Sig. (2-tailed)		.853

Source: Processed data (2022).

Table 1 shows that the value of Asymp. Sig. (2-sided) is 0.853, the value of Asymp. Sig. (2-sided) is greater than = 0.05, this means that The null hypothesis ( $H_0$ ) is rejected or the data are normally distributed.

Table 2 – Multicollinearity Test Result

Model	Collinearity Statistics	
	Tolerance	VIF
1 Product quality	.673	1.486
Promotion	.570	1.755

Source: Processed data (2022).

The results of the multicollinearity test in Table 2 show that the tolerance value of all variables is greater than 10%. product quality = 0.673, promotion = 0.570) and the VIF value



is less than 10 (product quality = 1.486, promotion = 1).755), which means that there is no multicollinearity between independent variables.

Table 3 – Heteroscedasticity Test Results

Model	Coefficients			<i>t</i>	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	<i>B</i>	Std. Error	Beta		
(Constant)	.979	.889		1.101	.274
<sup>1</sup> Product quality	.006	.024	.031	.244	.808
Promotion	-.003	.038	-.010	-.074	.941

Source: Processed data (2022).

Using the data in Table 3, it can be explained that the results of the statistical tests show that the variables product quality and advertising have significance greater than 0.05 (product quality = 0.808). Promotion = 0.941), so it can be concluded that the regression model used in this study does not contain heteroscedasticity.

Technical analysis of the data from this study using multiple linear regression analysis, aiming to test the effect of product quality and advertising on Robusta coffee purchasing decisions. with the application SPSS (Statistical Product and Service Solution) version 21.0 for Windows.

Based on multiple linear regression analysis, the multiple linear regression equation is:  $Y = 3.098 + 0.116(X_1) + 0.205(X_2)$ , with the following explanation:

- $a = 3,098$ , this means that if the product quality and promotion value is constant, then the purchase decision value is 3,098;
- $b_1 = 0.116$ , this means that if the quality of the product has increased, while promotion is constant, the purchasing decision will increase by 0.116;
- $b_2 = 0.205$ , this means that if the promotion has increased, while the product quality is constant, the purchase decision will increase by 0.205.

The dominating influence of the independent variable on the dependent variable was tested with the highest standardized beta coefficients. Looking at the standardized beta coefficient results of each independent variable, namely product quality ( $X_1$ ) and sales promotion ( $X_2$ ), it can be seen that the independent variable that has a dominant influence on the dependent variable in purchasing decisions ( $Y$ ) is quality of the product.

According to the results of the study, in which the significance value (Sig.) in the product quality variable is 0.004 smaller than the value = 0.05, it shows that the product quality is positive and has a significant impact Robusta coffee purchasing decisions so that the first hypothesis is accepted.

According to the results of the study, a significance value (Sig.) in the promotion variable of 0.280, which is greater than the value of =0.05, indicates that the promotion has a negative effect and in Buying Robusta coffee is a matter of choices.

#### The Influence of Product Quality on Purchase Decisions

According to the results of the study, if the significance value (Sig.) in the variable product quality is less than the value =0.05 by 0.004, this indicates that product quality has a more positive effect and is more significant in purchasing decisions for Robusta coffee. Another study was carried out by Maupa et al. (2019); Suryani (2019); and Maulidina (2019) found that product quality has a positive impact on purchasing decisions.

Accordinng to the resultts of the study, where the significancce value (Sig.) in the promotion variable is 0.280, whicch is greater than the value = 0.05, this indicates that the promotion has no effect has purchasing decisions. That is, even when actions are taken, they are not able to improve purchasing decisions because more previous generation users assume that drinking coffee is a community necessity, not because there is an online action. Research is supported by Suhadarliyah and Kian To (2018), Tomahuw and Agusti (2018); and Primadasa (2019).



## CONCLUSION

Product quality has a significant positive effect on purchasing decisions for Robusta coffee in Pujungan Tabanan. Promotion has no effect on purchasing decisions for Robusta coffee in Pujungan. The advice given to robusta coffee entrepreneurs in Pujungan is to maintain good quality by using the full wash process in improving the taste of robusta coffee products. Promotions are carried out among young people or millennials so that it affects the increase in purchasing decisions for Robusta coffee in Tabanan. For further researchers, it is recommended to add research samples in order to get more valid results.

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